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LEGISLATIVE HISTORY

S. 1901  
VETOED

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## INDEX AND SUMMARY OF S. 1901

Feb. 26, 1959	Rep. Jennings introduced H. R. 5058 which was referred to the House Agriculture Committee. Print of bill as introduced.
Apr. 16, 1959	House committee ordered H. R. 5058 reported with amendment.
Apr. 28, 1959	House committee ordered H. R. 5058 reported with amendment.
May 5, 1959	House committee reported H. R. 5058 with amendments. H. Report No. 329. Print of bill and report.
May 11, 1959	Sen. Jordan introduced S. 1901 which was referred to the Senate Agriculture and Forestry Committee. Print of bill as introduced.
May 15, 1959	Senate committee ordered S. 1901 reported.
May 19, 1959	Senate committee reported S. 1901 without amendment. S. Report No. 297. Print of bill and report.
May 20, 1959	Senate passed over S. 1901 at the request of Sen. Engle.
May 21, 1959	Senate passed S. 1901 with amendment.
June 1, 1959	S. 1901 was referred to the House Agriculture Committee. Print of bill as referred.
June 2, 1959	House committee reported S. 1901 without amendment. H. Report No. 421. Print of bill and report.
June 4, 1959	Rules Committee voted to report resolution for the consideration of S. 1901.
June 5, 1959	Rules Committee reported resolution for the consideration of S. 1901. H. Res. 286, H. Rept. 439.
June 9, 1959	House began debate.
June 10, 1959	House passed S. 1901 with amendment.
June 12, 1959	Senate concurred in House amendment.
June 25, 1959	Vetoed: S. Doc. 32. Print of document.



## DIGEST OF S. 1901 (Vetoed)

TOBACCO PRICE SUPPORTS. S. 1901, which would have provided that the level of price support in dollars and cents for any kind of tobacco, except Connecticut Valley binder types 51 and 52, Pennsylvania filler type 41, and Puerto Rican filler type 46, shall not exceed that established for the 1958 crop until 90 percent of parity computed as provided in the bill, as of the beginning of the marketing year for any crop, exceeds the lower of the 1958 support level or 90 percent of parity computed as provided in existing law. Beginning with such crop, the support level would have been fixed at 90 percent of parity computed by whichever of the two methods resulted in the lower price. The method of computing parity provided by the bill is generally similar to that used prior to the enactment of the Agricultural Act of 1948, using the base periods specified in the law at that time both in determining the base period price for the commodity and in computing the parity index. Limited to \$50,000 the total amount of CCC loans or purchases which could have been made to any person on the 1960 production of tobacco.









86TH CONGRESS  
1ST SESSION

# H. R. 5058

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## IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 26, 1959

Mr. JENNINGS introduced the following bill; which was referred to the Committee on Agriculture

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## A BILL

To amend section 101 (c) of the Agricultural Act of 1949 to stabilize and protect the level of support for tobacco.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*  
3       That section 101 (c) of the Agricultural Act of 1949 is  
4       amended by deleting the period at the end thereof and adding  
5       a colon and the following: "*Provided*, That for any kind of  
6       tobacco (other than Connecticut Valley cigar binder types  
7       51 and 52) for which marketing quotas were in effect for  
8       the 1958 crop, the level of support computed in dollars and  
9       cents for each subsequent crop of such tobacco for which  
10      marketing quotas are in effect shall not exceed the level of  
11      support computed in dollars and cents applicable to the

1 1958 crop until 90 per centum of parity as of the beginning  
2 of the marketing year for such subsequent crop computed  
3 in the manner used prior to the enactment of the Agricultural  
4 Act of 1948 exceeds the level of support applicable to the  
5 1958 crop, whereupon the level of support for such subse-  
6 quent crop and each crop thereafter shall be 90 per centum  
7 of the parity price as of the beginning of the marketing year  
8 computed in the manner used prior to the enactment of the  
9 Agricultural Act of 1948.”





86TH CONGRESS  
1ST SESSION

H. R. 5058

## A BILL

To amend section 101 (c) of the Agricultural  
Act of 1949 to stabilize and protect the level  
of support for tobacco.

By Mr. JENNINGS

FEBRUARY 26, 1959

Referred to the Committee on Agriculture





# Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF  
BUDGET AND FINANCE

(For Department  
Staff Only)

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HIGHLIGHTS: Senate committee reported bills to: Expand industrial-use research. Expand special milk program. House committee ordered reported bill to revise price support level for tobacco. Sen. Humphrey and others introduced and Sen. Humphrey discussed bill to expand Public Law 480 and establish Peace Food Administration.

## SENATE

1. RESEARCH. The Agriculture and Forestry Committee reported without amendment S. 690, which would establish an Agricultural Research and Industrial Administration in this Department to conduct research on the development of new and improved uses for farm products (S. Rept. 193). p. 5441
2. MILK. The Agriculture and Forestry Committee reported with amendment S. 1289, to increase and extend the special milk program for children (S. Rept. 194), and without amendment S. 753, to authorize cooperative associations of milk producers to bargain with purchasers singly or in groups (S. Rept. 192). p. 5441
3. TRADE FAIRS. Passed without amendment H. R. 5508, to provide permanently for the free importation of articles for exhibition at fairs, exhibitions, or expositions. This bill will now be sent to the President. p. 5489



4. WATER RIGHTS. Received a Kan. Legislature resolution urging the enactment of legislation to safeguard and preserve established State and individual rights to the use of water within the States. p. 5440
5. WHEAT. This office has received copies of an Agriculture and Forestry Committee print of a wheat stabilization bill. The draft includes provisions for percentage reductions in farm acreage allotments, penalties based on actual yield, increase in the penalty rate, reductions in exemptions, a limitation of \$25,000 in price supports for any person in any year, no price support for non-cooperators, and applicability of the proposed legislation to only the 1960 and 1961 crops.

#### HOUSE

6. MILITARY CONSTRUCTION. Passed, 377 to 7, with amendments H. R. 5674, to authorize certain construction at military installations, including an authorization for use of Public Law 480 and CCC funds. pp. 4592-5515  
Concerning the use of Public Law 480 funds for defense purposes in foreign countries, Rep. Gross stated that "this is another subsidy which should not be charged in full to the farmers of America." p. 5496
7. WHEAT ALLOTMENTS. The Agriculture Committee recommitted to the Wheat Subcommittee H. R. 3436, to increase the durum-wheat acreage allotments in North Dakota, Minnesota, Montana, South Dakota, and California, and H. R. 5443, providing for the appointment by the Secretary of a committee to study and recommend increases in durum-wheat allotments. p. D255
8. TOBACCO. The Agriculture Committee ordered reported with amendment H. R. 5058, to modify the price-support level for tobacco. p. D255
9. FARM CREDIT. The Agriculture Committee ordered reported without amendment H. R. 6353, to amend the Federal Farm Loan Act to transfer responsibility for making appraisals from FCA to the Federal land banks. p. D255
10. INFLATION; EMPLOYMENT. Rep. Reuss discussed his bill, H. R. 6263, "to amend the Employment Act of 1946 to provide for its more effective administration, and to bring to bear an informed public opinion upon price and wage increases which threaten economic stability," which requires the President to hold public hearings on prospective or actual price and wage increases and to issue summaries of such hearings. He stated that the Administration, the AFL-CIO, the U. S. Chamber of Commerce, and the Federal Reserve Board oppose it. pp. 5520-4
11. ADJOURNED until Mon., Apr. 20. p. 5530

#### ITEMS IN APPENDIX

12. FARM PROGRAM. Sen. Thurmond inserted an article discussing some of the agricultural problems, stating that the farm program is for everybody "except the little farmer" and offering suggestions for improvements. pp. A3127-8  
Rep. Loser inserted a reprint of an article listing results of a poll, including questions on the farm program. p. A3141  
Extension of remarks of Rep. Brewster expressing concern about the "spiraling cost of administering a program which has failed to accomplish its primary stated purpose -- to help the low-income farmer ..." p. A3148  
Rep. Levering inserted excerpts from a book written by J. C. Penny expressing the importance of a successful farm program and the value of preserving our soil. pp. A3170-1







# Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF  
BUDGET AND FINANCE

(For Department  
Staff Only)

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86th-1st, No. 66

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HIGHLIGHTS: Senate overrode President's veto of REA loan approval bill. House committee ordered reported tobacco and feed grains price support bills. Senate debated second supplemental appropriation bill. Rep. McGovern urged Congress to override veto of REA loan approval bill. Rep. McIntire commended Secretary's proposed national forest program. House committee reported Labor-Hew appropriation bill. Sen. Humphrey and Reps. Johnson, Wis., and Kastenmeier introduced and Sen. Humphrey discussed dairy stabilization bills.

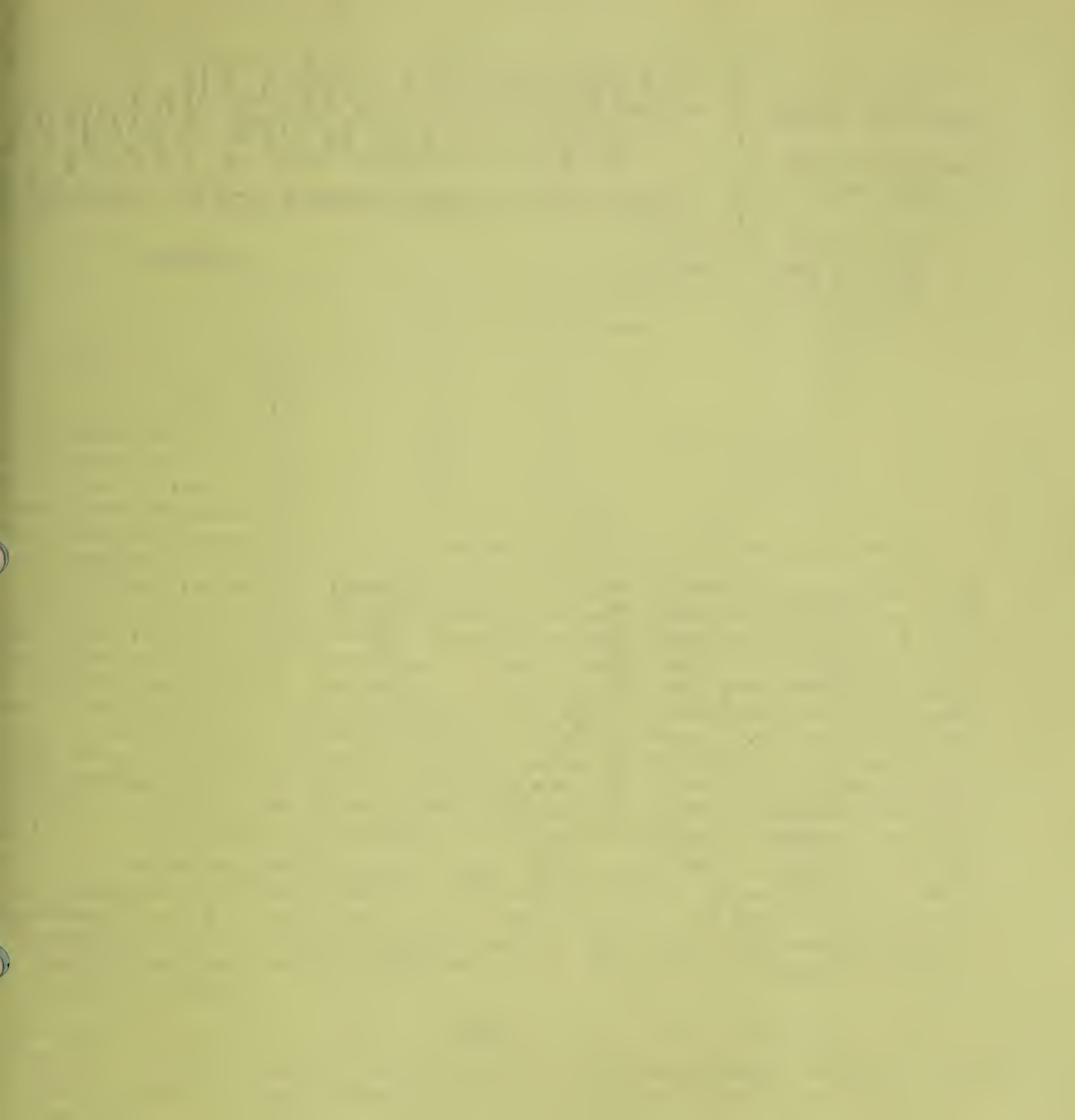
## SENATE

1. ELECTRIFICATION. Overrode, 64 to 29, the President's veto of S. 144, to give the REA Administrator additional authority over the approval of loans. Sens. Dirksen, Anderson, Hickenlooper, and Aiken defended the President's action. Sens. Humphrey and Symington urged that the veto be overridden. pp. 6211-5
2. SECOND SUPPLEMENTAL APPROPRIATION BILL. Began debate on this bill, H. R. 5916. Agreed to the Committee amendments en bloc. (See Digest 59 for a summary of the bill as reported by the Appropriations Committee.) pp. 6216-24, 6226-35
3. WATER RESOURCES. Agreed to, without amendment, S. Res. 111, to increase the membership of the S. Select Committee on National Water Resources by 4 additional members to be named by the Vice President. The resolution had been submitted earlier in the day by Sen. Murray. pp. 6197-8

4. FARM PROGRAM. Sen. Proxmire inserted an article, "The Poverty of Abundance," critical of the Secretary's farm policies. pp. 6190-3
5. PRICES. Sen. Butler inserted a University of Pittsburg professor's letter, "Administered Prices," stating that "administrative pricing is an integral part of our society." p. 6238  
Sen. Butler commended the American Can Co. for reducing the price of cans "used for packing the fruits and vegetables constituting a major portion of the average family's food budget." p. 6240
6. FOREIGN AID. Sen. Morse inserted a newspaper article, "The Annual Headache," discussing the proposed mutual security bill. p. 6199
7. FARM PRICES. Sen. Carlson inserted a local Kan. Farmers Union resolution urging that "Congress pass legislation to encourage an upward trend in farm prices." p. 6171
8. SUGAR. Received a Salt Lake City, Utah, sugar workers union resolution favoring enactment of legislation to extend the Sugar Act. p. 6170
9. SALINE WATER; RESEARCH. Received a Calif. Legislature resolution urging that Antioch, Calif., be selected as a site for an experimental saline brackish water conversion plant. p. 6170
10. FOREIGN AFFAIRS. Sen. Neuberger inserted an article by the American Assoc. for the United Nations on the achievements of the U. N., including a review of economic assistance to foreign countries and U. S. contributions to the U. N., including the Food and Agriculture Organization. pp. 6200-02  
Both Houses received from the State Department a proposed bill "to promote the foreign policy of the United States by amending the U. S. Information and Educational Exchange Act of 1948"; to H. Foreign Affairs and S. Foreign Relations Committee. pp. 6169, 6247
11. FISH AND WILDLIFE. Sen. Gruening commended Secretary of Interior Seaton for certifying "that Alaskans have made adequate provision for the administration, management, and conservation in the broad national interest of the fish and wildlife resources of Alaska" which "will mean that these important resources, which heretofore have been administered wholly by the Federal Government, will shortly hereafter be a responsibility of the State of Alaska." pp. 6199-6200  
Both Houses received from the Secretary of the Interior a letter certifying that the Alaska State Legislature has made adequate provision for the administration, management, and conservation of the fish and wildlife resources of Alaska; to H. Merchant Marine and Fisheries and S. Interstate and Foreign Commerce Committees. pp. 6169, 6247

HOUSE

12. TOBACCO; FEED GRAINS. The Agriculture Committee ordered reported with amendment H. R. 5058, to modify present provisions for determining the level of support for tobacco; and H. R. 5432, to provide that the price support for oats, rye, barley, and grain sorghums shall be established on the basis of the feeding value of the commodity in relation to corn. p. D291
13. APPROPRIATIONS. The Appropriations Committee reported, without amendment, H. R. 6769, making appropriations for Labor-HEW for the fiscal year 1960 (H. Rept. 309). p. 6247







# Digest of CONGRESSIONAL PROCEEDINGS

## OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF  
BUDGET AND FINANCE

(For Department  
Staff Only)

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May 5, 1959  
86th-1st, No. 71

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HIGHLIGHTS: House committee reported tobacco price support bill. House committee ordered reported area redevelopment bill. Senate committee reported bill to extend Reorganization Act to June 1, 1961. Sen. Young, N. Dak., defended his receipt of price support payments. Sen. Mansfield, Rep. Metcalf, and others submitted and discussed measures to provide for acceleration of reforestation programs.

### HOUSE

1. TOBACCO. The Agriculture Committee reported with amendments H. R. 5058, to modify present provisions for determining the level of price support for tobacco. (H. Rept. 329). p. 6758
2. AREA REDEVELOPMENT. The Banking and Currency Committee ordered reported with amendment S. 722, to establish an effective program to alleviate conditions of substantial and persistent unemployment and underemployment in certain economically depressed areas. p. D320
3. POSTAL RATES. The Post Office and Civil Service Committee reported with amendment H. R. 5212, to revise the minimum charge on pieces of mail of odd sizes and shapes (H. Rept. 331). p. 6758
4. ELECTRIFICATION. The Rules Committee reported a resolution for the consideration of H. R. 3460, to amend the Tennessee Valley Authority Act of 1933 to authorize TVA to issue and sell bonds, notes and other evidences of indebtedness to assist in the financing of its power programs. p. 6758

5. DAIRY. Received from the Comptroller General a report on review of additional costs incurred by CCC in using tin cans for packaging nonfat dry milk and processed cheese for donation abroad, 1958. p. 6758
6. PUBLIC DEBT. Rep. Hull urged support for his bill to reduce the national debt by 1% annually and inserted a summary of measures introduced since 1945 to retire the debt. pp. 6755-7

SENATE

7. ORGANIZATION. The Government Operations Committee reported with amendment S. 1474, to extend the Reorganization Act of 1949 to June 1, 1961 (S. Rept. 239). p. 6645
8. FORESTRY. Received from the Select Committee on Small Business a report, "The Small Independent Firm's Role in the Forest Products Industry." (S. Rept. 240). p. 6645

Sen. Mansfield inserted the program and the remarks of the chief of the Division of Forest Fire Research, Intermountain Forest and Range Experiment Station, the Director of the Intermountain Forest and Range Experiment Station, and the Regional Forester, Northern Region, at the groundbreaking ceremonies for the commencement of construction of the new Northern Forest Fire Laboratory in Missoula, Mont. pp. 6658-60

10. FARM PROGRAM. Sen. Young, N. Dak., charged that a newspaper article, "Payoffs to Hill Farmers Bared," is "so false that it is pitiful," discussed Federal expenditures for the farm program, and inserted a table showing USDA net expenditures for the fiscal years 1954 to 1960. pp. 6689-90

Sen. Russell inserted a news release, "Billions for Farmers?" discussing the USDA budget, and stating that "When all of the nonfarm items in the budget are removed, only a little more than \$1 billion actually will reach farmers." pp. 6690-1

Sen. Dirksen paid tribute to the service of the late Sidney N. Gubin of this Department. p. 6679

Sen. Dirksen inserted surveys of agricultural economists of the 49 land-grant colleges which appeared in the Farm Journal which "reports that four out of five economists say that - first, any laws further hamstringing the free market will hurt the farmer, the consumer, and the Nation; second, legislation has not and cannot solve the farm problem, although the right kind might help," and including tables on the result of the surveys by areas and commodity groups. pp. 6677-9

11. CONSERVATION CORPS. Sen. Humphrey inserted an Izaak Walton League resolution supporting the objectives and principles of bills to establish a Youth Conservation Corps. p. 6643
12. ECONOMIC ADVISERS. Confirmed the nomination of Henry C. Wallich to be a member of the Council of Economic Advisers. p. 6641
13. ACREAGE ALLOTMENTS. Received from this Department a proposed bill to amend section 377 of the AAA Act of 1938, as amended, so as to provide for the preservation of unused acreage allotments on public lands; to the Agriculture and Forestry Committee. p. 6641
14. PUBLIC LANDS. Received from Interior a proposed bill "to authorize the classification, segregation, and disposal of public lands chiefly valuable for urban and business purposes"; to the Interior and Insular Affairs Committee. p. 6641  
Received from Interior a proposed bill "to facilitate the administration of



2. MONOPOLIES. A subcommittee of the Judiciary Committee ordered reported with amendments S. 442, to amend the Clayton Act so as to require prior notification of corporate mergers and acquisitions, and S. 716, to authorize the Attorney General to compel the production of documentary evidence required in civil investigations for the enforcement of the antitrust laws. p. D330

A subcommittee of the Judiciary Committee ordered reported without recommendation S. 11, to amend the Clayton Act, as amended by the Robinson-Patman Act, with reference to equality of opportunity. p. D330

3. ADJOURNED until Mon., May 11. p. 6911

#### HOUSE

4. ELECTRIFICATION. Passed with amendments H. R. 3460, to amend the TVA Act of 1933 so as to provide for the issuance of revenue bonds by TVA to finance additions to its power system. pp. 6920-47

5. SMALL GRAINS. Rep. Langen urged passage of his proposed bill to provide for incremental price supports for small grain crops. Under his proposed bill, as more land is taken out of production, the higher the price support would be for barley, oats, rye, soybeans, flax, grain sorghums, and corn. pp. 6947-8

6. TOBACCO. The report of the Agriculture Committee on H. R. 5058, to modify present provisions for determining the level of price support for tobacco, states the purpose of the bill as follows:

"The purpose of this bill is to prevent the operations of the present parity formula from pushing the support prices of tobacco beyond limits which tobacco producers, warehousemen, and exporters believe to be reasonable at present general price levels. The effect of the bill will be to prevent any further increase in the level of support for tobacco until the necessity for such an increase is indicated by a substantial further increase in the parity index -- the measure of prices paid by farmers including wages, interest, and taxes. It is estimated that it will be from 3 to 5 years (depending on the increase in general price levels) before this index catches up with the present support price of tobacco." \* \* \*

"As introduced, the bill would have retained the lower of the 1958 level of supports or modernized parity until the level based on old parity exceeded the 1958 level. Thereafter, supports would have been related solely to old parity. Under the committee amendment, after such time as the support level based on old parity exceeds the 1958 level, parity will be computed under both methods, and the support level will be 90 percent of the lower of the two levels.

"The amendment starting with the words 'Provided further' makes it clear that the current parity index, which includes the cost of farm labor, interest, and taxes, will be used in making parity computations. Section 2 is also a clarifying committee amendment making it clear that the provisions of the bill will apply also to the fire-cured, dark air-cured, and Virginia sun-cured tobacco."

7. APPROPRIATIONS. The Appropriations Committee was allowed until midnight, Fri., May 8, to file a report on the independent offices appropriations bill for 1960. p. 6947

8. TERRITORIES. Both houses received from the Comptroller General "a report on the review of selected activities of the government of the Virgin Islands, fiscal year 1958." pp. 6821, 6971

19. POSTAL RATES. Received from the Postmaster General a proposed bill "to adjust postal rates of certain first-class mail and airmail"; to the Post Office and Civil Service Committee. p. 6972
20. LEGISLATIVE PROGRAM. Rep. McCormack stated that the independent offices appropriations bill would be taken up on Monday, May 18, and that if a rule is reported on the housing bill, it would be programed next week. p. 6944
21. ADJOURNED until Mon., May 11, 1959. p. 6971

ITEMS IN APPENDIX

22. RECLAMATION. Extension of remarks of Sen. Young, N. Dak., commending Interior Dept.'s "vast and far-reaching operations which have been conducted in such an admirable way ..." and inserting an article favoring the appointment of Mr. Floyd Dominy to be U. S. Commissioner on Reclamation. pp. A3823-4
23. FARM PROGRAM. Extension of remarks of Sen. Jordan inserting an editorial, "Farm Support: Without It Comes Anarchy," and stating that it gives "an excellent account of the importance of price supports to not only agriculture, but the Nation's entire economy." pp. A3828-9
- Extension of remarks of Sen. Jordan stating that "... North Carolina has pointed the way toward an economic revolution in the South to bring about a better balance between industry and agriculture ...," and inserting a Time magazine article on this subject. pp. A3838-9
- Rep. Hiestand inserted the results of an opinion poll, including the continuation of price support programs. p. A3841
- Extension of remarks of Rep. Johnson, Wis., stating that in checking over a list of the groups which the Secretary has addressed, "I am inclined to think maybe his title ought to be Secretary of Processors instead of Secretary of Agriculture," and inserting a Nat'l Farmers Union magazine article, "Benson Shuns Farmers, Talks To Processors." pp. A3871-2
24. CONSERVATION. Extension of remarks of Rep. Withrow commending Soil Conservation Service programs in Wisconsin and inserting a statement on this subject. pp. A3833-5
25. SMALL BUSINESS. Rep. Evins inserted his statement: "Organization and Operation of the Small Business Administration." pp. A3849-50
26. ELECTRIFICATION. Rep. Nelsen inserted an article, "Stopping the 'Anti-Benson' Bill." p. A3850
- Extension of remarks of Rep. Brademas criticizing the veto of the REA loan approval bill. p. A3864
- Extension of remarks of Rep. Wolf expressing his approval of the veto of the REA bill. pp. A3869-70
27. TOBACCO. Extension of remarks of Rep. Dorn stating that "our American tobacco farmers will be hornswoggled and gypped out of their tobacco acreage just as were the cotton farmers of the Southeast," and inserting a USDA statement concerning U. S. imports of unmanufactured tobacco. pp. A3854-5

BILLS INTRODUCED

28. BUILDINGS. S. 1872, by Sen. Humphrey, to amend the Historic Sites Act of August 21, 1935, to provide a method for preserving sites, areas, buildings, and objects of national, regional or local historical significance which are



AMENDING SECTION 101(c) OF THE AGRICULTURAL ACT OF 1949  
AND THE ACT OF JULY 28, 1945, TO STABILIZE AND PROTECT  
THE LEVEL OF SUPPORT FOR TOBACCO

---

MAY 5, 1959.—Committed to the Committee of the Whole House on the State  
of the Union and ordered to be printed

---

Mr. COOLEY, from the Committee on Agriculture, submitted the  
following

## REPORT

[To accompany H.R. 5058]

The Committee on Agriculture, to whom was referred the bill (H.R. 5058) to amend section 101(c) of the Agricultural Act of 1949 to stabilize and protect the level of support for tobacco, having considered the same, report favorably thereon with amendments and recommend that the bill as amended do pass.

The amendments are as follows:

Strike out all after the enacting clause of the bill and substitute the following:

Section 101(c) of the Agricultural Act of 1949 is amended by deleting the period at the end thereof and adding a colon and the following: "*Provided*, That for any kind of tobacco (other than Connecticut Valley cigar binder types 51 and 52) for which marketing quotas were in effect for the 1958 crop, the level of support computed in dollars and cents for each subsequent crop of such tobacco for which marketing quotas are in effect shall not exceed the level of support computed in dollars and cents applicable to the 1958 crop until 90 per centum of the parity price as of the beginning of the marketing year for a subsequent crop computed in the manner used prior to the enactment of the Agricultural Act of 1948 exceeds the level of support applicable to the 1958 crop or 90 per centum of the parity price computed as provided in the Agricultural Adjustment Act of 1938, as amended, whereupon the level of support for such subsequent crop and each crop thereafter shall be 90 per centum of the parity price as of the beginning of the marketing year computed in the manner used prior to the enactment of the Agricultural Act of 1948, or computed as provided in the Agricultural Adjustment Act of 1938, as amended, whichever computation results in the lower level of support: *and provided further*, That in computing parity in the manner used prior to the enactment of the Agricultural Act of 1948, the parity index as defined in section 301(a)(1)(C) of the Agricultural Adjustment Act of 1938, as amended, shall be used except that in lieu of the period January 1910 to December 1914, inclusive, the base period applicable to the kind of tobacco prior to the enactment of the Agricultural Act of 1948 shall be used."

## 2 STABILIZE AND PROTECT THE LEVEL OF SUPPORT FOR TOBACCO

SEC. 2. Section 2 of the Act of July 28, 1945, as amended (59 Stat. 506; 7 U.S.C. 1312 note) is amended by deleting the proviso at the end thereof and substituting therefor a new proviso reading as follows: "*Provided*, That beginning with the 1959 crop, the level of support for each such kind of tobacco shall not exceed a maximum level of support determined therefor pursuant to the provisos in Section 101(c) of the Agricultural Act of 1949, as amended."

Amend the title to read:

A bill to amend section 101(c) of the Agricultural Act of 1949 and the Act of July 28, 1945, to stabilize and protect the level of support for tobacco.

### PURPOSE OF THE BILL

The purpose of this bill is to prevent the operations of the present parity formula from pushing the support prices of tobacco beyond limits which tobacco producers, warehousemen, and exporters believe to be reasonable at present general price levels. The effect of the bill will be to prevent any further increase in the level of support for tobacco until the necessity for such an increase is indicated by a substantial further increase in the parity index—the measure of prices paid by farmers including wages, interest, and taxes. It is estimated that it will be from 3 to 5 years (depending on the increase in general price levels) before this index catches up with the present support price of tobacco.

Prior to 1950, the parity price of all agricultural commodities was computed by multiplying the base price of each commodity (established at some previously normal period) by an index number called the parity index reflecting the increase since that base period in the price of things farmers buy. The effect of this computation was to establish a parity price for each commodity designed to give a unit of that commodity the same relative purchasing power it had in the base period.

In the Agricultural Act of 1948 (with some modifications in the Agricultural Act of 1949) Congress adopted a new parity formula which basically did two things: (1) it substituted a price based on the most recent 10-year average of prices received for each agricultural commodity for the previously fixed price base period provided; and, (2) it added a totally new intercommodity relationship factor in that it provided that the parity index should be applied to agricultural prices as a whole to determine the parity price for all agricultural commodities, but that the parity level of each individual commodity relative to all commodities would reflect the relative position of each commodity to the total on the basis of the most recent 10-year market average for each commodity in relation to the 10-year market average for all commodities.

Connecticut Valley binder types 51 and 52 are excluded from the bill. The whole pattern of usage for these two kinds of tobacco has been sharply changed as the result of the development of processed binders. Pursuant to a provision of the Agricultural Act of 1948, growers in 1958 requested the Secretary to review the parity level for these types of tobacco. Pursuant to this review, the Secretary determined that the parity level for these two kinds of tobacco was substantially out of line, and a new and significantly lower parity was established for them.



## ALTERNATIVE PARITY

At the time the Agricultural Act of 1949 was under consideration, Congress recognized that the new parity formula provided in the 1948 act was going to result in serious inequities, in spite of the provision for transitional parity (a gradual shift from the old to the new formula) which the 1948 act contained. In order that the inequities arising from the shift to the new parity formula might be further softened, therefore, Congress provided with respect to the basic commodities that parity should be computed on an alternative basis and that for 4 years after January 1, 1950 (later extended to 6 years), the parity price for the basic commodities should be established by using either the old or the new parity formula, whichever resulted in the higher figure.

The very real fear then was that the new parity formula might operate so as to give an unreasonably low parity figure for some of the basic commodities. It is obvious now, 2 years after the expiration of the alternative parity provision in the 1949 act, that the new parity formula can also operate to give an unreasonably high parity figure to certain commodities.

The effect of this bill, therefore, is to reinstate "alternative parity" in the case of tobacco but with the reverse stipulation, that under certain circumstances the parity price for tobacco shall be the lower of the figures arrived at by using either the old or the new parity formula.

## PRICE DISTORTIONS UNDER NEW FORMULA

The price distortions which are beginning to appear as the result of application of the new parity formula suggests that a review of the formula may be needed. (See S. Doc. No. 18, dated Feb. 1, 1957, for last review of the parity formula). Whatever its ultimate effect may be on other commodities, it is clear that its operation is likely to push up the price of tobacco unreasonably. This situation results from the operation of the formula itself.

Under the new parity formula when the 10-year average price of some agricultural commodities goes down, the parity price of those commodities will fall proportionately but, since the aggregate level of parity for all farm prices must be retained at the level indicated by application of the parity index, the parity price of other farm commodities must be pushed up proportionately in order to average out at the stipulated parity level. Thus, the parity price of those farm commodities which have enjoyed a relatively higher level of prices during the last 10 years will be pushed up by application of the formula.

In the case of Flue-cured tobacco, for example, application of the parity index to the base price would give a parity price in February 1959 of 54.5 cents per pound whereas the application of the new parity formula results in a parity price at that date of 61.5 cents per pound. In the case of burley tobacco, the increase is even more apparent. Under the straight parity index formula, the parity price in February would have been 52.8 cents per pound, whereas the parity price using the adjustment of the 10-year market average is 63.6 cents per pound.

#### 4 STABILIZE AND PROTECT THE LEVEL OF SUPPORT FOR TOBACCO

The following table shows the effect of the new parity formula on six of the major commodities.

	December 1956	December 1958
Wheat.....dollars.....	2.46	2.44
Corn.....do.....	1.79	1.76
Hogs.....do.....	21.60	22.30
Peanuts.....cents.....	13.4	13.2
Flue-cured tobacco.....do.....	54.9	61.3
Burley tobacco.....do.....	53.8	62.2

#### HEARINGS

Numerous hearings have been held by the committee on this bill and at these hearings all segments of the tobacco industry—the growers, warehousemen, and tobacco dealers and exporters—appeared unanimously in favor of the bill.

The growers were represented at the hearings by the tobacco-grower organizations, by State farm bureau officials of the major tobacco producing States, State and National Grange officials, and State and National Farmers Union representatives.

There was unanimous agreement among these groups, representing 18 separate organizations from the tobacco-growing areas and the tobacco industry, that further increase at this time in the support level might adversely affect tobacco exports and might jeopardize the 20-year record set by the tobacco program of operating a successful production control and self-supporting price support program.

#### COMMITTEE AMENDMENT

As introduced, the bill would have retained the lower of the 1958 level of supports or modernized parity until the level based on old parity exceeded the 1958 level. Thereafter, supports would have been related solely to old parity. Under the committee amendment, after such time as the support level based on old parity exceeds the 1958 level, parity will be computed under both methods, and the support level will be 90 percent of the lower of the two levels.

The amendment starting with the words “*Provided further*” makes it clear that the current parity index, which includes the cost of farm labor, interest, and taxes, will be used in making parity computations. Section 2 is also a clarifying committee amendment, making it clear that the provisions of the bill will apply also to the fire-cured, dark air-cured, and Virginia sun-cured tobacco.

#### DEPARTMENTAL REPORT

DEPARTMENT OF AGRICULTURE,  
Washington, D.C., March 10, 1959.

HON. HAROLD D. COOLEY,  
House of Representatives.

DEAR CONGRESSMAN COOLEY: This is in reply to your request for a report on H.R. 5058, a bill to amend section 101(c) of the Agricultural Act of 1949 to stabilize and protect the support level for tobacco.

This bill provides that the level of price support for tobacco shall not exceed the 1958 crop support level until such time as 90 percent



of parity computed in the manner used prior to the enactment of the Agricultural Act of 1948 exceeds the 1958 crop support level, and that thereafter the support level shall be 90 percent of parity computed in the manner used prior to the enactment of the Agricultural Act of 1948. The bill excepts Connecticut Valley cigar binder types 51 and 52 for which parity was recently redetermined under section 301(a)(1)(F) of the Agricultural Adjustment Act of 1938, as amended, and also excludes those kinds of tobacco for which marketing quotas were not in effect in 1958, namely, Pennsylvania filler type 41 and Puerto Rican filler type 46.

We estimate that the index of prices paid by farmers would have to increase 8 percent for burley and 13 percent for Flue-cured—our major export tobacco—before the old parity provision would go into effect and the freeze removed. The extent of the increase required on the various types of tobaccos is shown in the attached table.

The Department is convinced that the United States can produce competitively a quality of tobacco which cannot be duplicated anywhere else in the world, and that we should sincerely try to find some way to let our farmers produce it. Tobacco farmers have, under the present rigid program, been sacrificing their longtime best interests for possible temporary gains. At a time when world consumption of tobacco is increasing at the rate of 5 percent a year, our exports have been decreasing relatively at a rapid rate. Although it is generally recognized that the economy of the tobacco grower in many types of tobacco is heavily dependent upon exports, we continue to follow a course that is continuously shrinking our share of the world market.

We believe that the present price support program with its built-in system of constantly increasing support prices will, over the next 10 years cause us to lose most of our commercial export markets and force the domestic industry to 100 percent utilization of the tobacco leaf. While the proposed bill will eliminate or at least minimize the substantial increases in the support levels which otherwise will occur in the next few years under the present support system, we believe that the use of any measuring device for price support purposes which fails to take into account present day production technology, is most unwise. Unfortunately, both old parity and modernized parity rely heavily on price relationships which existed when farming was almost entirely a mule-and-plow, and a man-and-hoe, operation.

The Department feels that the tobacco program should be modified on a positive basis designed to achieve increased disappearance of U.S. tobacco with a corresponding opportunity for increased production and higher allotments. A proposal for a positive modification of the tobacco program was outlined in a memorandum dated January 19, 1959, from the Department to the President, as follows:

"Farmers who grow tobacco have been losing markets at home and abroad. As prices of U.S. tobacco increase, foreign buyers change their blends and turn to other sources of supply. They may never be induced to return to our markets. The present old laws result in price supports at continually rising levels. Acreages at home have been severely cut to low levels while acreage and production expand abroad.

"Legislation should be enacted to relate the support price to the market average or, if the parity formula as a basis for price supports is continued in use, to provide wide discretion in the level of supports.

"In addition, modifications of the control program may be in order. Tobacco growers have widely discussed the desirability or modifying the present control system. Their ideas of providing either a poundage quota or a poundage-acreage control have merit."

This bill fails to go far enough in correcting this situation for the following reasons:

1. It would freeze price supports for tobacco at current high levels, thus hampering efforts to expand markets and to curtail foreign production. Instead of such a freeze we need more discretion in setting the support level so that we can regain markets rigid supports have lost for tobacco.

2. It would put back into use a formula which previously was discarded by Congress because it resulted in unrealistic parity prices. Under the old formula parity price for tobacco is based on the level of prices in 1934-38 for Flue-cured and Burley, 1936-40 for Maryland, and 1919-28 for other tobaccos, modified to the extent that prices paid by farmers have changed. Use of this base period some 20 to 30 years ago fails to recognize the changes which have occurred in farm technology since then, and the changes in intercommodity relationships. It was these shortcomings which led Congress to adopt a modernized parity which takes into consideration price relationship in a recent 10-year period.

3. It would result in a dual standard of parity prices. Old parity would be used for tobacco whereas new parity would be used for other commodities. If we are to use parity price as a standard for price support, we should use the same formula for all commodities.

4. It would continue to place tobacco growers at an advantage over producers of other crops. Currently tobacco is the only price support commodity where the Secretary has no discretion in setting support levels. This level is and has been higher in terms of percent of parity than it has been for other crops where even under present law some discretion is permitted.

This bill, H.R. 5058, reflects a recognition of the soundness of the administration's position that the present program is destroying markets rather than building them.

This bill, H.R. 5058, reflects a recognition that the present law can only result in decreased allotments.

This proposal is superior to the present legislation in that it prevents further price-support increases for some time. However, the Department feels that the bill is not adequate and the administration's tobacco program outlined above is far better.

H.R. 5058 would have the tendency to lower the amount of Commodity Credit Corporation funds which would otherwise be invested in the tobacco price-support program. It would effect no change in administrative expenses.

The Bureau of the Budget advised that there is no objection to the submission of this report.

Sincerely yours,

E. T. BENSON, *Secretary*.



Increase in old parity for tobacco required before 90 percent of parity becomes effective support level under H.R. 5058

Tobacco types	1958 sup- port level (per pound)	90 percent of old parity Feb. 15, 1959 (per pound)	Increase re- quired in old parity before 90 percent of old parity becomes effective sup- port level
			<i>Percent</i>
Flue-cured (11-14).....	\$0.546	\$0.507	7.7
Burley (31).....	.554	.491	12.8
Maryland (32).....	.508	.509	
Dark air-cured (35-36).....	.345	.188	83.5
Virginia sun-cured (37).....	.345	.252	36.9

CHANGES IN EXISTING LAW

In compliance with clause 3 of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, and existing law in which no change is proposed is shown in roman):

AGRICULTURAL ACT OF 1949

TITLE I—BASIC AGRICULTURAL COMMODITIES

SEC. 101. The Secretary of Agriculture (hereinafter called the "Secretary") is authorized and directed to make available through loans, purchases, or other operations, price support to cooperators for any crop of any basic agricultural commodity, if producers have not disapproved marketing quotas for such crop, at a level not in excess of 90 per centum of the parity price of the commodity nor less than the level provided in subsections (a), (b), and (c) as follows:

(a) For tobacco (except as otherwise provided herein), corn, and wheat, if the supply percentage as of the beginning of the marketing year is:

The level of support shall be not less than the following percentage of the parity price:

Not more than 102.....	90
More than 102 but not more than 104.....	89
More than 104 but not more than 106.....	88
More than 106 but not more than 108.....	87
More than 108 but not more than 110.....	86
More than 110 but not more than 112.....	85
More than 112 but not more than 114.....	84
More than 114 but not more than 116.....	83
More than 116 but not more than 118.....	82
More than 118 but not more than 120.....	81
More than 120 but not more than 122.....	80
More than 122 but not more than 124.....	79
More than 124 but not more than 126.....	78
More than 126 but not more than 128.....	77
More than 128 but not more than 130.....	76
More than 130.....	75

For rice of the 1959 and 1960 crops, the level of support shall be not less than 75 per centum of the parity price. For rice of the 1961 crop the level of support shall be not less than 70 per centum of the parity price. For the 1962 and subsequent crops of rice the level of support shall not less than 65 per centum of the parity price.

(b) For cotton and peanuts, if the supply percentage as of the beginning of the marketing year is:

The level of support shall be not less than the following percentage of the parity price:

Not more than 108.....	90
More than 108 but not more than 110.....	89
More than 110 but not more than 112.....	88
More than 112 but not more than 114.....	87
More than 114 but not more than 116.....	86
More than 116 but not more than 118.....	85
More than 118 but not more than 120.....	84
More than 120 but not more than 122.....	83
More than 122 but not more than 124.....	82
More than 124 but not more than 125.....	81
More than 125 but not more than 126.....	80
More than 126 but not more than 127.....	79
More than 127 but not more than 128.....	78
More than 128 but not more than 129.....	77
More than 129 but not more than 130.....	76
More than 130.....	75

(c) For tobacco, if marketing quotas are in effect, the level of support shall be 90 per centum of the parity price: *Provided, That for any kind of tobacco (other than Connecticut Valley cigar binder types 51 and 52) for which marketing quotas were in effect for the 1958 crop, the level of support computed in dollars and cents for each subsequent crop of such tobacco for which marketing quotas are in effect shall not exceed the level of support computed in dollars and cents applicable to the 1958 crop until 90 per centum of parity as of the beginning of the marketing year for such subsequent crop computed in the manner used prior to the enactment of the Agricultural Act of 1948 exceeds the level of support applicable to the 1958 crop, whereupon the level of support for such subsequent crop and each crop thereafter shall be 90 per centum of the parity price as of the beginning of the marketing year computed in the manner used prior to the enactment of the Agricultural Act of 1948.*

(d) Notwithstanding the foregoing provisions of this section—

(1) if producers have not disapproved marketing quotas for such crop, the level of support to cooperators shall be 90 per centum of the parity price for the 1950 crop of any basic agricultural commodity for which marketing quotas or acreage allotments are in effect;

(2) if producers have not disapproved marketing quotas for such crop, the level of support to cooperators shall be not less than 80 per centum of the parity price for the 1951 crop of any basic agricultural commodity for which marketing quotas or acreage allotments are in effect;

(3) the level of price support to cooperators for any crop of a basic agricultural commodity, except tobacco, for which marketing quotas have been disapproved by producers shall be 50 per centum of the parity price of such commodity; and no price support shall be made available for any crop of tobacco for which marketing quotas have been disapproved by producers;

(4) repealed.

(5) price support may be made available to noncooperators at such levels, not in excess of the level of price support to cooperators, as the Secretary determines will facilitate the effective operation of the program.



(6) Except as provided in subsection (c) and section 402, the level of support to cooperators shall be not more than 90 per centum and not less than 82½ per centum of the parity price for the 1955 crop of any basic agricultural commodity with respect to which producers have not disapproved marketing quotas; within such limits, the minimum level of support shall be fixed as provided in subsection (a) and (b) of this section.

(7) Where a State is designated under section 335(e) of the Agricultural Adjustment Act of 1938, as amended, as outside the commercial wheat-producing area for any crop of wheat, the level of price support for wheat to cooperators in such State for such crop of wheat shall be 75 per centum of the level of price support to cooperators in the commercial wheat-producing area.

(c) Notwithstanding any of the provisions of this Act, section 2 of the Act of July 28, 1945 (59 Stat. 506) shall continue in effect.

(f) The provisions of this Act relating to price support for cotton shall apply severally to (1) American upland cotton and (2) extra long staple cotton described in subsection (a) and ginned as required by subsection (e) of section 347 of the Agricultural Adjustment Act of 1938, as amended, except that, notwithstanding any of the foregoing provisions of section 101 of this Act, the level of support to cooperators for the 1957 and each subsequent crop of extra long staple cotton, if producers have not disapproved marketing quotas therefor, shall not exceed the same per centum of the parity price as for the 1956 crop and shall be determined after consideration of the factors specified in section 401(b) and the price levels for similar qualities of cotton produced outside the United States: *Provided*, That such level of price support shall be not less than 60 per centum of the parity price. Disapproval by producers of the quota proclaimed under such section 347 shall place into effect the provisions of section 101(d)(3) of this Act with respect to the extra long staple cotton described in subsection (a) of such section 347. Nothing contained herein shall affect the authority of the Secretary under section 402 to make support available for extra long staple cotton in accordance with such section 402.





86<sup>TH</sup> CONGRESS  
1<sup>ST</sup> SESSION

# H. R. 5058

[Report No. 329]

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## IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 26, 1959

Mr. JENNINGS introduced the following bill; which was referred to the Committee on Agriculture

MAY 5, 1959

Reported with amendments, committed to the Committee of the Whole House on the State of the Union, and ordered to be printed

[Strike out all after the enacting clause and insert the part printed in italic]

---

## A BILL

To amend section 101 (c) of the Agricultural Act of 1949 to stabilize and protect the level of support for tobacco.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*  
3       That section 101(c) of the Agricultural Act of 1949 is  
4       amended by deleting the period at the end thereof and adding  
5       a colon and the following: "*Provided, That for any kind of*  
6       tobacco (other than Connecticut Valley cigar binder types  
7       51 and 52) for which marketing quotas were in effect for  
8       the 1958 crop, the level of support computed in dollars and  
9       cents for each subsequent crop of such tobacco for which  
10       marketing quotas are in effect shall not exceed the level of  
11       support computed in dollars and cents applicable to the

1 1958 crop until 90 per centum of parity as of the beginning  
2 of the marketing year for such subsequent crop computed  
3 in the manner used prior to the enactment of the Agricultural  
4 Act of 1948 exceeds the level of support applicable to the  
5 1958 crop, whereupon the level of support for such subse-  
6 quent crop and each crop thereafter shall be 90 per centum  
7 of the parity price as of the beginning of the marketing year  
8 computed in the manner used prior to the enactment of the  
9 Agricultural Act of 1948."

10 *Section 101(c) of the Agricultural Act of 1949 is amended*  
11 *by deleting the period at the end thereof and adding a colon*  
12 *and the following: "Provided, That for any kind of tobacco*  
13 *(other than Connecticut Valley cigar binder types 51 and*  
14 *52) for which marketing quotas were in effect for the 1958*  
15 *crop, the level of support computed in dollars and cents for*  
16 *each subsequent crop of such tobacco for which marketing*  
17 *quotas are in effect shall not exceed the level of support com-*  
18 *puted in dollars and cents applicable to the 1958 crop until*  
19 *90 per centum of the parity price as of the beginning of the*  
20 *marketing year for a subsequent crop computed in the manner*  
21 *used prior to the enactment of the Agricultural Act of 1948*  
22 *exceeds the level of support applicable to the 1958 crop or*  
23 *90 per centum of the parity price computed as provided in*  
24 *the Agricultural Adjustment Act of 1938, as amended,*  
25 *whereupon the level of support for such subsequent crop and*



1 each crop thereafter shall be 90 per centum of the parity  
2 price as of the beginning of the marketing year computed  
3 in the manner used prior to the enactment of the Agricultural  
4 Act of 1948, or computed as provided in the Agricultural  
5 Adjustment Act of 1938, as amended, whichever computa-  
6 tion results in the lower level of support: And provided fur-  
7 ther, That in computing parity in the manner used prior to  
8 the enactment of the Agricultural Act of 1948, the parity  
9 index as defined in section 301(a)(1)(C) of the Agricul-  
10 tural Adjustment Act of 1938, as amended, shall be used ex-  
11 cept that in lieu of the period January 1910 to December  
12 1914, inclusive, the base period applicable to the kind of  
13 tobacco prior to the enactment of the Agricultural Act of  
14 1948 shall be used."

15 SEC. 2. Section 2 of the Act of July 28, 1945, as  
16 amended (59 Stat. 506; 7 U.S.C. 1312 note), is amended  
17 by deleting the proviso at the end thereof and substituting  
18 therefor a new proviso reading as follows: "Provided, That  
19 beginning with the 1959 crop, the level of support for each  
20 such kind of tobacco shall not exceed a maximum level of sup-  
21 port determined therefor pursuant to the provisos in section  
22 101(c) of the Agricultural Act of 1949, as amended."

Amend the title so as to read: "A bill to amend section 101 (c) of the Agricultural Act of 1949 and the Act of July 28, 1945, to stabilize and protect the level of support for tobacco."

80TH CONGRESS  
1ST SESSION  
**H. R. 5058**

[Report No. 329]

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# A BILL

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To amend section 101 (c) of the Agricultural Act of 1949 to stabilize and protect the level of support for tobacco.

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By Mr. JENNINGS

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FEBRUARY 26, 1959

Referred to the Committee on Agriculture

MAY 5, 1959

Reported with amendments, committed to the Committee of the Whole House on the State of the Union, and ordered to be printed





86TH CONGRESS  
1ST SESSION

# S. 1901

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## IN THE SENATE OF THE UNITED STATES

MAY 11, 1959

Mr. JORDAN introduced the following bill; which was read twice and referred to the Committee on Agriculture and Forestry

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## A BILL

To amend section 101 (c) of the Agricultural Act of 1949 and the Act of July 28, 1945, to stabilize and protect the level of support for tobacco.

1      *Be it enacted by the Senate and House of Representa-*  
2      *tives of the United States of America in Congress assembled,*  
3      That section 101 (c) of the Agricultural Act of 1949 is  
4      amended by deleting the period at the end thereof and add-  
5      ing a colon and the following: "*Provided, That for any*  
6      kind of tobacco (other than Connecticut Valley cigar binder  
7      types 51 and 52) for which marketing quotas were in effect  
8      for the 1958 crop, the level of support computed in dollars  
9      and cents for each subsequent crop of such tobacco for which  
10     marketing quotas are in effect shall not exceed the level of



1 support computed in dollars and cents applicable to the 1958  
2 crop until 90 per centum of the parity price as of the begin-  
3 ning of the marketing year for a subsequent crop computed  
4 in the manner used prior to the enactment of the Agricultural  
5 Act of 1948 exceeds the level of support applicable to the  
6 1958 crop or 90 per centum of the parity price computed as  
7 provided in the Agricultural Adjustment Act of 1938, as  
8 amended, whereupon the level of support for such subsequent  
9 crop and each crop thereafter shall be 90 per centum of the  
10 parity price as of the beginning of the marketing year com-  
11 puted in the manner used prior to the enactment of the Agri-  
12 cultural Act of 1948, or computed as provided in the Agri-  
13 cultural Adjustment Act of 1938, as amended, whichever  
14 computation results in the lower level of support: *And pro-*  
15 *vided further,* That in computing parity in the manner used  
16 prior to the enactment of the Agricultural Act of 1948, the  
17 parity index as defined in section 301 (a) (1) (C) of the  
18 Agricultural Adjustment Act of 1938, as amended, shall be  
19 used except that in lieu of the period January 1910 to De-  
20 cember 1914, inclusive, the base period applicable to the kind  
21 of tobacco prior to the enactment of the Agricultural Act  
22 of 1948 shall be used."

23 SEC. 2. Section 2 of the Act of July 28, 1945, as  
24 amended (59 Stat. 506; 7 U.S.C. 1312 note), is amended  
25 by deleting the proviso at the end thereof and substituting

1 therefor a new proviso reading as follows: "*Provided, That*  
2 beginning with the 1959 crop, the level of support for  
3 each such kind of tobacco shall not exceed a maximum level  
4 of support determined therefor pursuant to the provisos  
5 in section 101(c) of the Agricultural Act of 1949, as  
6 amended."

## A BILL

To amend section 101(c) of the Agricultural Act of 1949 and the Act of July 28, 1945, to stabilize and protect the level of support for tobacco.

By Mr. JORDAN

MAY 11, 1959

Read twice and referred to the Committee on  
Agriculture and Forestry







# Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF  
BUDGET AND FINANCE

(For Department  
Staff Only)

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Issued May 18, 1959  
For actions of May 15, 1959  
86th-1st, No. 78

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**HIGHLIGHTS:** House committee reported agricultural appropriation bill Fri., May 15. Senate committee ordered reported wheat and tobacco price support bills, and was granted permission until Mon., May 18, to report the bills.

## HOUSE

1. **AGRICULTURAL APPROPRIATION BILL FOR 1960.** The Appropriations Committee reported this bill during recess.

Representatives of the Department agencies have been advised in detail of the Committee's actions on the estimates for the Department. Copies of the bill and committee report will be distributed directly to the agency budget offices, as soon as received, pursuant to a distribution list that has been worked out with the Department agencies. The agencies will receive the material at the same time this office will receive it. The material will not be distributed from this office. In general, copies should be obtained from the agency budget offices rather than from this office.

At the end of this Digest are a summary comparison of the Committee actions with the 1960 estimates and with anticipated funds available in 1959. (Excerpts from the committee report will be quoted in tomorrow's Digest.)

2. **WHEAT.** The "Daily Digest" states that the Agriculture Committee "Met in executive consideration of a clean bill H. R. 7118, which incorporates the provisions of H. R. 6737, with respect to price supports for wheat and for other purposes. Action was deferred on this bill until Tuesday, May 19, when the committee will again meet in executive session." p. D361

SENATE

3. WHEAT; TOBACCO. The "Daily Digest" states that the Agriculture and Forestry Committee "ordered favorably reported an original bill providing for 1960-61 crops of wheat. Price supports will be at 65 percent of parity to those producers planting 80 to 100 percent of their acreage allotments, and 80 percent of parity to those planting 80 percent or less of their acreage allotments. The committee also approved S. 1901, to amend the Agricultural Act so as to stabilize and protect the level of support for tobacco" (p. D359). At the request of Sen. Ellender the committee was granted permission until 6 p. m. Mon., May 18, to report the two bills (p. 7394).
4. FARM PROGRAM. Sen. Morse urged the purchase of poultry and eggs for the school lunch program and enactment of a food-stamp plan for distribution of surplus foods, and inserted two articles, "Uncle Sam Has Recovered 84 Cents on Each Dollar Spent on Farm Supports" and "Falling Farm Prices Stabilize Cost of Living." p. 7411
5. PERSONNEL. Sen. Carlson inserted an address by Rocco C. Siciliano, Special Assistant to the President for Personnel Management, "The Challenge of Executive Leadership in Government," discussing the difficulty of recruiting the more competent persons for Federal service, and stating that "There is strong evidence that the Federal Government does not compete on equal terms with private industry in attracting and retaining a fair share of the ablest leaders that this Nation produces." pp. 7418-20
6. FOREIGN AID. Sen. Mansfield discussed the foreign aid program, stated that "The uneasiness with the foreign aid program which is evident in Congress" is the result of "uneasiness over the administrative decadence with which foreign aid is now surrounded" and that he is "persuaded that time is running out on foreign aid," and inserted several items on foreign aid given to different countries. pp. 7389-94  
Sen. Neuberger commended Sen. Mansfield's statement, and stated that "foreign aid must be improved." pp. 7420-1
7. BUDGET. Sen. McNamara inserted his newsletter to constituents, "Why We have A Deficit," and an editorial discussing "the inconsistency of the President in his approach to the Nation's fiscal affairs." p. 7387
8. PROPERTY; FORESTRY. Received a Sherman County, Nebr., County Board of Supervisors resolution favoring enactment of S. 910, to authorize the payment to local governments of sums in lieu of taxes and special assessments with respect to certain Federal real property. p. 7382
9. ADJOURNED until Tues., May 19. p. 7421

ITEMS IN APPENDIX

10. TAXATION. Sen. Wiley inserted excerpts from his address discussing the effects of taxes on the economy and stressing the need for a long-range tax policy. pp. A4095-6
11. WATER POLLUTION. Sen. Yarborough inserted a local resolution commending Sen. Johnson, Rep. Poage and himself for their efforts in the Congress for legislation to carry water pollution control programs. p. A4097







# Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF  
BUDGET AND FINANCE

(For Department  
Staff Only)

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HIGHLIGHTS: Senate committee reported: Wheat price support bill. Tobacco price support bill. House committee approved wheat price support bill. House debated housing bill. Rep. Broomfield introduced and discussed farm bill. Rep. Langen urged full parity for small grain farmers. Rep. Cooley urged defeat of proposed amendment to USDA appropriation bill limiting CCC loans. Sen. Murray and other Sens., and Reps. Anderson, Mont., and Burdick introduced and Sen. Murray discussed bill to extend FHA's authority to make refinancing loans and emergency loans. Sen. Humphrey introduced and discussed wheat price support bill.

## SENATE

1. WHEAT. The Agriculture and Forestry Committee reported during recess, May 18, an original bill, S. 1968, to modify acreage allotments and marketing quotas for wheat (S. Rept. 295). p. 7513
2. TOBACCO. The Agriculture and Forestry Committee reported without amendment S. 1901, to modify price support requirements for tobacco (S. Rept. 297). p. 7518
3. FOREIGN CURRENCIES. The Armed Services Committee reported with amendment H. R. 5674, to authorize certain construction at military installations, including provisions for the use of foreign currencies received under Public Law 480 for foreign military housing (S. Rept. 296). p. 7518

4. APPROPRIATIONS. A subcommittee of the Appropriations Committee ordered reported to the full committee H. R. 5805, the Treasury-Post Office appropriation bill for 1960. p. D369
5. RECLAMATION. Passed with amendment S. 72, to authorize Interior to construct the Navajo Indian irrigation project and the initial stage of the San Juan-Chama project as participating projects of the Colorado River storage project. (pp. 7603-07) Sens. Williams, Del., and Lausche opposed passage of the bill, contending that this new acreage would increase the production of agricultural commodities already in surplus supply. (pp. 7605-07)  
Sen. Moss expressed satisfaction over the initiation of construction of the Stanaker Dam, Utah, and stated that it "will provide supplemental irrigation for about 14,700 acres of productive land which is constantly threatened by water shortages." p. 7556
6. ELECTRIFICATION. Sen. Gruening urged the development of hydroelectric power facilities in Alaska, and inserted a newspaper editorial discussing the matter p. 7582
7. FORESTRY. Sen. Cannon inserted a Nev. Legislature resolution opposing enactment of legislation to establish wilderness preservation areas. p. 7515  
Sen. Humphrey inserted a Beltrami Co., Minn., Board of Commissioners resolution urging favorable consideration of the Secretary's recommendations on a program for the development of the national forests. p. 7517
8. LABOR STANDARDS. Received from the Labor Department a proposed bill "to amend the Fair Labor Standards Act of 1938"; to Labor and Public Welfare Committee. p. 7515

#### HOUSE

9. SMALL GRAINS. Rep. Langen stated that farmers are "not responsible for the surpluses of barley and oats" and that imports of barley in the last 10 years are greater than the surpluses in that period, while imports of oats are "approximately equal to the surplus on hand today," and urged full parity for the small grain farmers. p. 7677
10. AGRICULTURAL APPROPRIATION BILL. Rep. Cooley urged the defeat of a proposed amendment to the 1960 agricultural appropriation bill to restrict to \$50,000 CCC loans to individual producers, stating that it would "destroy the farm program." p. 7679
11. WHEAT. The Agriculture Committee "approved the provisions of H. R. 7118, as amended, concerning price supports for wheat, and directed the chairman to introduce a clean bill which will incorporate the language of H. R. 7118 as amended." p. D371
12. ALASKA. The Interior and Insular Affairs Committee reported without amendment H. R. 7120, to amend certain laws of the United States in light of the admission of Alaska into the Union (H. Rept. 369). p. 7679
13. FORESTRY. The Government Operations Committee reported with amendment S. 900, to amend sec. 204 (b) of the Federal Property and Administrative Services Act of 1949 to extend the authority of the Administrator of GSA to pay direct expenses in connection with the utilization of excess real property and related personalty (H. Rept. 368). p. 7679



## TOBACCO PRICE SUPPORT

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MAY 19, 1959.—Ordered to be printed

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Mr. JORDAN, from the Committee on Agriculture and Forestry,  
submitted the following

## R E P O R T

[To accompany S. 1901]

The Committee on Agriculture and Forestry, to whom was referred the bill (S. 1901) to amend section 101(c) of the Agricultural Act of 1949 and the act of July 28, 1945, to stabilize and protect the level of support for tobacco, having considered the same, report thereon with a recommendation that it do pass without amendment.

## GENERAL RULE

S. 1901 is identical to H.R. 5058 as amended and reported by the House Committee on Agriculture. It provides that the level of price support in dollars and cents for any kind of tobacco (subject to the exceptions hereinafter noted) shall not exceed that established for the 1958 crop until 90 percent of parity computed as provided by the bill, is of the beginning of the marketing year for any crop, exceeds the lower of (i) the 1958 support level or (ii) 90 percent of parity computed as provided by existing law. Beginning with such crop, the support level will be fixed at 90 percent of parity computed by whichever of the two methods results in the lower price. The method of computing parity provided by the bill is generally similar to that used prior to the enactment of the Agricultural Act of 1948, using the base periods specified in the law at that time both in determining the base period price for the commodity and in computing the parity index. These base periods were August 1934 to July 1939 for burley and flue-cured tobacco and August 1919 to July 1929 for all other kinds of tobacco. The Agricultural Act of 1948 provided for use of an August 1936 to July 1941 base period for Maryland tobacco during 1959, but the base period for Maryland tobacco prior to the enactment of that act was August 1919 to July 1929. Except for the change in base period, the parity index would continue to be computed as pro-



vided by existing law. The method of computing parity provided by the bill would be applicable only for the purposes of the bill. The bill would not make any change in the method of computing parity prices of tobacco for any other purpose.

The Agricultural Act of 1948 modified the parity formula so that the parity prices of the various agricultural commodities would reflect the price relationships between such commodities during the immediately preceding 10 years. The effect of this so-called modernized parity formula has been to increase the parity price of tobacco. For instance, the parity price for flue-cured tobacco increased from 54.9 cents per pound in December 1956 to 61.3 cents in December 1958. In the same period the parity price for burley tobacco increased from 53.8 cents per pound to 62.2 cents. Tobacco support prices, which are fixed at 90 percent of parity when marketing quotas are in effect, have increased correspondingly and the industry has generally agreed that continuing increases would not be in the interest of this segment of our agricultural economy. Tobacco producers, warehousemen, and exporters believe present general price levels for tobacco are reasonable and therefore your committee recommends enactment of S. 1901. With this adjustment tobacco support prices will continue to have a stabilizing effect on price and income in the industry.

#### EXCEPTIONS

The general rule just described would not be applicable to kinds of tobacco which were not subject to marketing quotas in 1958, namely Pennsylvania filler type 41 and Puerto Rican filler type 46. It also would not be applicable to Connecticut Valley binder types 51 and 52 for which the Secretary of Agriculture recently provided a revised method of computing parity prices under the authority of section 301(a)(1)(F) of the Agricultural Adjustment Act of 1938. That section provides that whenever the parity price of a commodity is seriously out of line, the Secretary shall make appropriate revision of the method of computing the parity price for such commodity. Last year producers requested the Secretary to review the parity price for these types; and the Secretary subsequently established lower parity prices for them. The general rule described above would also not be applicable to fire-cured, dark air-cured, and Virginia sub-cured tobaccos, except for the purpose of imposing an upper limit on support prices for those kinds of tobacco. Section 2 of the bill provides that the price-support levels for fire-cured, dark air-cured, and Virginia sun-cured tobaccos shall not exceed the support levels determined for them in the manner provided by section 101(c) of the Agricultural Act of 1949, as amended by the first section of the bill. Existing law provides that these kinds of tobacco are to be supported at specified percentages of the burley tobacco loan rate, but not in excess of a maximum rate equal to the higher of the 1957 crop-support level or 90 percent of parity. The law would continue to provide that they be supported on the basis of the burley loan rate, but the maximum rate provided by the bill would be substituted for the maximum rate provided by existing law. In the foreseeable future it appears that they will be supported at the level specified in the bill. They are currently being supported at the 1957 level, which is less than the level computed on the basis of the burley rate.

## DEPARTMENTAL REPORT

The attached report of the Department of Agriculture relates to H.R. 5058, as it was introduced in the House of Representatives. While the House committee revised the bill, its purpose as originally introduced was the same as that of S. 1901, that of preventing further increases in tobacco support prices. A report on S. 1901 has not been received from the Department as yet.

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DEPARTMENT OF AGRICULTURE,  
*Washington, D.C., March 10, 1959.*

HON. HAROLD D. COOLEY,  
*House of Representatives.*

DEAR CONGRESSMAN COOLEY: This is in reply to your request for a report on H.R. 5058, a bill to amend section 101(c) of the Agricultural Act of 1949 to stabilize and protect the support level for tobacco.

This bill provides that the level of price support for tobacco shall not exceed the 1958 crop support level until such time as 90 percent of parity computed in the manner used prior to the enactment of the Agricultural Act of 1948 exceeds the 1958 crop support level, and that thereafter the support level shall be 90 percent of parity computed in the manner used prior to the enactment of the Agricultural Act of 1948. The bill excepts Connecticut Valley cigar binder types 51 and 52 for which parity was recently redetermined under section 301(a)(1)(F) of the Agricultural Adjustment Act of 1938, as amended, and also excludes those kinds of tobacco for which marketing quotas were not in effect in 1958, namely, Pennsylvania filler type 41 and Puerto Rican filler type 46.

We estimate that the index of prices paid by farmers would have to increase 8 percent for burley and 13 percent for Flue-cured—our major export tobacco—before the old parity provision would go into effect and the freeze removed. The extent of the increase required on the various types of tobaccos is shown in the attached table.

The Department is convinced that the United States can produce competitively a quality of tobacco which cannot be duplicated anywhere else in the world, and that we should sincerely try to find some way to let our farmers produce it. Tobacco farmers have, under the present rigid program, been sacrificing their longtime best interests for possible temporary gains. At a time when world consumption of tobacco is increasing at the rate of 5 percent a year, our exports have been decreasing relatively at a rapid rate. Although it is generally recognized that the economy of the tobacco grower in many types of tobacco is heavily dependent upon exports, we continue to follow a course that is continuously shrinking our share of the world market.

We believe that the present price support program with its built-in system of constantly increasing support prices will, over the next 10 years cause us to lose most of our commercial export markets and force the domestic industry to 100 percent utilization of the tobacco leaf. While the proposed bill will eliminate or at least minimize the substantial increases in the support levels which otherwise will occur in the next few years under the present support system, we believe that the use of any measuring device for price support purposes which



fails to take into account present day production technology, is most unwise. Unfortunately, both old parity and modernized parity rely heavily on price relationships which existed when farming was almost entirely a mule-and-plow, and a man-and-hoe, operation.

The Department feels that the tobacco program should be modified on a positive basis designed to achieve increased disappearance of U.S. tobacco with a corresponding opportunity for increased production and higher allotments. A proposal for a positive modification of the tobacco program was outlined in a memorandum dated January 19, 1959, from the Department to the President, as follows:

"Farmers who grow tobacco have been losing markets at home and abroad. As prices of U.S. tobacco increase, foreign buyers change their blends and turn to other sources of supply. They may never be induced to return to our markets. The present old laws result in price supports at continually rising levels. Acreages at home have been severely cut to low levels while acreage and production expand abroad.

"Legislation should be enacted to relate the support price to the market average or, if the parity formula as a basis for price supports is continued in use, to provide wide discretion in the level of supports.

"In addition, modifications of the control program may be in order. Tobacco growers have widely discussed the desirability or modifying the present control system. Their ideas of providing either a poundage quota or a poundage-acreage control have merit."

This bill fails to go far enough in correcting this situation for the following reasons:

1. It would freeze price supports for tobacco at current high levels, thus hampering efforts to expand markets and to curtail foreign production. Instead of such a freeze we need more discretion in setting the support level so that we can regain markets rigid supports have lost for tobacco.

2. It would put back into use a formula which previously was discarded by Congress because it resulted in unrealistic parity prices. Under the old formula parity price for tobacco is based on the level of prices in 1934-38 for flue-cured and burley, 1936-40 for Maryland, and 1919-28 for other tobaccos, modified to the extent that prices paid by farmers have changed. Use of this base period some 20 to 30 years ago fails to recognize the changes which have occurred in farm technology since then, and the changes in intercommodity relationships. It was these shortcomings which led Congress to adopt a modernized parity which takes into consideration price relationship in a recent 10-year period.

3. It would result in a dual standard of parity prices. Old parity would be used for tobacco whereas new parity would be used for other commodities. If we are to use parity price as a standard for price support, we should use the same formula for all commodities.

4. It would continue to place tobacco growers at an advantage over producers of other crops. Currently tobacco is the only price-support commodity where the Secretary has no discretion in setting support levels. This level is and has been higher in terms of percent of parity than it has been for other crops where even under present law some discretion is permitted.

This bill, H.R. 5058, reflects a recognition of the soundness of the administration's position that the present program is destroying markets rather than building them.

This bill, H.R. 5058, reflects a recognition that the present law can only result in decreased allotments.

This proposal is superior to the present legislation in that it prevents further price-support increases for some time. However, the Department feels that the bill is not adequate and the administration's tobacco program outlined above is far better.

H.R. 5058 would have the tendency to lower the amount of Commodity Credit Corporation funds which would otherwise be invested in the tobacco price-support program. It would effect no change in administrative expenses.

The Bureau of the Budget advised that there is no objection to the submission of this report.

Sincerely yours,

E. T. BENSON, *Secretary*.

#### CHANGES IN EXISTING LAW

In compliance with subsection (4) of rule XXIX of the Standing Rules of the Senate, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italics, existing law in which no change is proposed is shown in roman):

### AGRICULTURAL ACT OF 1949

#### TITLE I—BASIC AGRICULTURAL COMMODITIES

##### SEC. 101. \* \* \*

(c) For tobacco, if marketing quotas are in effect, the level of support shall be 90 per centum of the parity price: *Provided, That for any kind of tobacco (other than Connecticut Valley cigar binder types 51 and 52) for which marketing quotas were in effect for the 1958 crop, the level of support computed in dollars and cents for each subsequent crop of such tobacco for which marketing quotas are in effect shall not exceed the level of support computed in dollars and cents applicable to the 1958 crop until 90 per centum of the parity price as of the beginning of the marketing year for a subsequent crop computed in the manner used prior to the enactment of the Agricultural Act of 1948 exceeds the level of support applicable to the 1958 crop or 90 per centum of the parity price computed as provided in the Agricultural Adjustment Act of 1938, as amended, whereupon the level of support for such subsequent crop and each crop thereafter shall be 90 per centum of the parity price as of the beginning of the marketing year computed in the manner used prior to the enactment of the Agricultural Act of 1948, or computed as provided in the Agricultural Adjustment Act of 1933, as amended, whichever computation results in the lower level of support: And provided further, That in computing parity in the manner used prior to the enactment of the Agricultural Act of 1948, the parity index as defined in section 301 (a) (1) (C) of the Agricultural Adjustment Act of 1938, as amended, shall be used except that in lieu of the period January 1910 to December 1914, inclusive, the base period applicable to the kind of tobacco prior to the enactment of the Agricultural Act of 1948 shall be used.*

\* \* \* \* \*



## ACT OF JULY 28, 1945

\* \* \* \* \*

SEC. 2. Notwithstanding any other provision of law, the Commodity Credit Corporation is authorized and directed, beginning with the 1945 crop, to make available upon any crop of fire-cured, dark air-cured and Virginia sun-cured tobacco, if producers have not disapproved marketing quotas for such tobacco for the marketing year beginning with the calendar year in which such crop is harvested, loans or other price support at, in the case of fire-cured tobacco, 75 per centum of the loan rate for burley tobacco for the corresponding crop and, in the case of dark air-cured and Virginia sun-cured tobacco, at 66⅔ per centum of such burley tobacco loan rate: **[Provided, That, beginning with the 1958 crop, the levels of support for such kinds of tobacco shall not exceed the higher of (a) the level applicable to the 1957 crop or (b) 90 per centum of the parity price]** *Provided, That beginning with the 1959 crop, the level of support for each such kind of tobacco shall not exceed a maximum level of support determined therefor pursuant to the provisos in section 101(c) of the Agricultural Act of 1949, as amended.*

### PRIOR LAW WHICH WOULD BE PARTIALLY REACTIVATED BY BILL

Prior to enactment of the Agricultural Act of 1948, the term "parity" was defined in section 301(a) of the Agricultural Adjustment Act of 1938, as amended, as follows: " 'Parity,' as applied to prices for any agricultural commodity, shall be that price for the commodity which will give to the commodity a purchasing power with respect to articles that farmers buy equivalent to the purchasing power of such commodity in the base period; and, in the case of all commodities for which the base period is the period August 1909 to July 1914, which will also reflect current interest payments per acre on farm indebtedness secured by real estate, tax payments per acre on farm real estate, and freight rates, as contrasted with such interest payments, tax payments, and freight rates during the base period. The base period in case of all agricultural commodities except tobacco shall be the period August 1909 to July 1914. In the case of all kinds of tobacco except Burley and flue-cured such base period shall be the period August 1919 to July 1929, and, in the case of Burley and flue-cured tobacco, shall be the period August 1934 to July 1939; except that the August 1919-July 1929 base period shall be used in allocating any funds appropriated prior to September 1, 1940."







Calendar No. 285

86TH CONGRESS  
1ST SESSION

# S. 1901

[Report No. 297]

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## IN THE SENATE OF THE UNITED STATES

MAY 11, 1959

Mr. JORDAN (for himself and Mr. COOPER) introduced the following bill; which was read twice and referred to the Committee on Agriculture and Forestry

MAY 19, 1959

Reported by Mr. JORDAN, without amendment

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## A BILL

To amend section 101 (c) of the Agricultural Act of 1949 and the Act of July 28, 1945, to stabilize and protect the level of support for tobacco.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*  
3       That section 101 (c) of the Agricultural Act of 1949 is  
4       amended by deleting the period at the end thereof and add-  
5       ing a colon and the following: "*Provided*, That for any  
6       kind of tobacco (other than Connecticut Valley cigar binder  
7       types 51 and 52) for which marketing quotas were in effect  
8       for the 1958 crop, the level of support computed in dollars  
9       and cents for each subsequent crop of such tobacco for which  
10      marketing quotas are in effect shall not exceed the level of



1 support computed in dollars and cents applicable to the 1958  
2 crop until 90 per centum of the parity price as of the begin-  
3 ning of the marketing year for a subsequent crop computed  
4 in the manner used prior to the enactment of the Agricultural  
5 Act of 1948 exceeds the level of support applicable to the  
6 1958 crop or 90 per centum of the parity price computed as  
7 provided in the Agricultural Adjustment Act of 1938, as  
8 amended, whereupon the level of support for such subsequent  
9 crop and each crop thereafter shall be 90 per centum of the  
10 parity price as of the beginning of the marketing year com-  
11 puted in the manner used prior to the enactment of the Agri-  
12 cultural Act of 1948, or computed as provided in the Agri-  
13 cultural Adjustment Act of 1938, as amended, whichever  
14 computation results in the lower level of support: *And pro-*  
15 *vided further,* That in computing parity in the manner used  
16 prior to the enactment of the Agricultural Act of 1948, the  
17 parity index as defined in section 301 (a) (1) (C) of the  
18 Agricultural Adjustment Act of 1938, as amended, shall be  
19 used except that in lieu of the period January 1910 to De-  
20 cember 1914, inclusive, the base period applicable to the kind  
21 of tobacco prior to the enactment of the Agricultural Act  
22 of 1948 shall be used.”

23 SEC. 2. Section 2 of the Act of July 28, 1945, as  
24 amended (59 Stat. 506; 7 U.S.C. 1312 note), is amended  
25 by deleting the proviso at the end thereof and substituting

1 therefor a new proviso reading as follows: "*Provided*, That  
2 beginning with the 1959 crop, the level of support for  
3 each such kind of tobacco shall not exceed a maximum level  
4 of support determined therefor pursuant to the provisos  
5 in section 101 (c) of the Agricultural Act of 1949, as  
6 amended."

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**A BILL**

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To amend section 101(c) of the Agricultural Act of 1949 and the Act of July 28, 1945, to stabilize and protect the level of support for tobacco.

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By Mr. JORDAN and Mr. COOPER

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MAY 11, 1959

Read twice and referred to the Committee on Agriculture and Forestry

MAY 19, 1959

Reported without amendment







# Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF  
BUDGET AND FINANCE

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HIGHLIGHTS: House passed agricultural appropriation bill. Sen. Capehart urged either repeal of price support laws or increase in price support payments. Senate committee appointed subcommittee to investigate CCC operations. Senate to consider tobacco price support bill today. Senate passed over consideration of wheat price support bill. Received from President International Sugar Agreement.

## SENATE

FARM PROGRAM. Sen. Capehart submitted and discussed amendments to S. 1968, to modify price supports and acreage allotments for wheat. He stated that his amendments would repeal all price supports on farm commodities beginning Jan. 1, 1960, would freeze the surplus stockpile, except for certain purposes, would permit sale from the stockpile for export, for the school lunch program, and for grants to feed hungry people, and would permit the President to sell in the domestic market anything from the stockpile at 100 percent of parity. He stated that "Either we must repeal the price support laws, which my amendment would do, or we must go back to 90 to 100 percent of parity, because the system under which we are operating will not work," and that "We cannot continue to

spend \$5 billion a year on price supports, or \$6½ billion a year to operate the Department of Agriculture, when all that is being accomplished is the building up of further surpluses, without doing any good for the farmers." Sen. Humphrey criticized administration farm policies, and stated that Sen. Capehart "has stated for us quite clearly what he believes to be the attitude of the Secretary of Agriculture and the administration." Sen. Capehart replied that he had not discussed his proposal with anyone. pp. 7761-5

2. CCC INVESTIGATION. The Agriculture and Forestry Committee appointed a special subcommittee to investigate activities and operations of the Commodity Credit Corporation, and all activities related thereto. Members of the subcommittee are Sens. Symington, Chairman, Humphrey, Talmadge, Proxmire, Young, N. Dak., and Williams, Del. p. D374
3. WHEAT. Passed over, at the request of Sen. Engle, S. 1968, to revise price supports and acreage allotments for wheat. p. 7728  
The committee report on the bill states that it would:
  - "(1) Provide price support at --
    - "(i) 65 percent of parity if the producer elects to plant his full allotment,
    - "(ii) 80 percent of parity if he elects to plant not more than 80 percent of his allotment;
  - "(2) Impose penalties on the actual yield of the excess acres (or double the normal yield if the actual yield is not shown);
  - "(3) Increase the marketing penalty to the basic support rate applicable to those who elect to plant their full allotment (65 percent of parity);
  - "(4) Reduce the 15-acre exemption to 12, and restrict it to farms which planted wheat in 1957, 1958, or 1959 and to producers who produce wheat on only one farm;
  - "(5) Make the 200-bushel exemption inapplicable;
  - "(6) Prohibit price support (A) outside the commercial area and (B) if acreage allotments are not in effect; and
  - "(7) Restrict to farms complying with their allotments the right to withdraw wheat stored from a previous crop to avoid penalty."The bill would also permanently repeal authority to support prices to non-cooperators for wheat, cotton, rice, peanuts, or tobacco."
4. TOBACCO. Passed over, at the request of Sen. Engle, S. 1901, to modify price supports for tobacco. Sen. Mansfield announced that this bill will be taken up Thurs., May 21. pp. 7729, 7760-1
5. WATERSHEDS. The Agriculture and Forestry Committee approved the following watershed projects: American Fork-Dry Creek, Utah; Big Park, Iowa; Jennings, Tenn.; and Little Paint Creek, Ala. p. D374
6. APPROPRIATIONS.. A subcommittee of the Appropriations Committee ordered reported with amendment H. R. 5676, the D. C. appropriation bill for 1960. p. D374
7. FOREIGN CURRENCIES. Passed over, at the request of Sen. Engle, H. R. 5674, to authorize construction at military installations, including provisions for the use of foreign currencies received under Public Law 480 for foreign military housing. p. 7728
8. REORGANIZATION. Passed over, on objection by Sen. Long, S. 1474, to extend the Reorganization Act of 1949 for two years, until June 1, 1961. pp. 7712-3



COMMENTS AND RECOMMENDATIONS OF VARIOUS COMMISSIONS REGARDING THE NEED FOR UNIFORM COST-SHARING POLICIES WITH PARTICULAR REFERENCE TO FLOOD CONTROL

"Task Force Report on Natural Resources," prepared for the Commission on Organization of the Executive Branch of the Government, January 1949 (First Hoover Commission):

"When the Federal Government first assumed definite responsibility for flood protection in 1936, costs were to be shared by the States and localities benefited, largely through the contribution of lands and rights-of-way. Removal of this condition in 1938 with respect to reservoir projects has had the effect not only of making the Federal Government assume 100 percent of the costs of these flood-control projects, but has removed one of the most effective restraints on the undertaking of projects of doubtful feasibility. States and localities were certain to scrutinize proposed projects with great care when they had to bear a significant share of the cost, but are inclined to ask fewer questions when the Federal Government supplies all the funds" (p. 21).

"The existence of a number of survey and development agencies has encouraged the perpetuation of special-purpose policies and has accentuated statutory inconsistencies. Varying administrative standards of feasibility, benefit-cost evaluation, and cost allocation have added to the confusion in these areas. Interagency rivalry has fostered a sort of Gresham's law with respect to Federal financial policies, the tendency being for higher standards of repayment by State, local, and private beneficiaries to be replaced by lower" (p. 23).

"Although the committee is not prepared to make specific recommendations, it believes that the most pressing need for statutory revision has to do with financial policy. As a general principle, costs should be repaid as far as practicable by the beneficiaries, more so than at present. Federal contributions should be limited to amounts proportionate to the estimated national benefits involved. State and local contributions should be required where practicable as a regular policy on all projects where localized benefits demonstrably exist" (p. 28).

"A Water Policy for the American People," the report of the President's Water Resources Policy Commission, 1950 (Cooke Commission):

"This proposed reformulation of water resources policy is constructed on a simple framework of principles. These express: \* \* \* The necessity for a system of repayment designed to treat alike all who enjoy the advantages of Federal investment. This will seek reasonable repayment, either through direct charge or assessment, for the opportunity which water resources programs offer for private gain, but will recognize that the great contributions of such programs to the general welfare warrant the assumption by the Federal Government of the remainder of the cost" (p. 9).

"Congress, in drafting new legislation or amending existing legislation, should provide for a uniform national reimbursement policy and specify the principles to be applied.

"Reimbursement procedure should aim, as far as possible, to recover a reasonable portion of the benefits accruing from public expenditures for water resources development. This should provide for charges for benefits where they can be collected, and agreements with interest States under which they would utilize their powers of taxation or assessment to assure reimbursement to the Federal Government for primary and secondary benefits not susceptible direct collection" (p. 12).

"From the foregoing discussion, it should be clear that the Nation has no consistent

reimbursement policy in relation to water resources development. In general, this situation has developed out of piecemeal legislation and administrative decisions dealing with single projects or with single functions within river basins. This procedure has given rise to serious inequities and inconsistencies in reimbursement policy.

"In the case of local flood control works, the local communities directly affected should assume an appropriate share of the cost, which could be apportioned on the basis of property values either by general taxation or by special assessment.

"In the case of extensive flood control works, involving large-scale upstream storage and land management programs, the States should establish special districts with the adequate powers to assume an appropriate share of the cost of providing protection against floods" (p. 85).

"Missouri: Land and Water," report of the Missouri Basin Survey Commission, 1953 (Lawrence Commission):

"Greater local financial responsibility: The general trend toward lower reimbursement requirements should be reversed. The problem is nationwide and application in any basin should obviously be conditioned on revisions being incorporated in national policy. Specifically, the Commission recommends that consideration be given to:

(a) A general revision in national policy for the division of financial responsibility between Federal, State, and local groups in order to obtain higher contributions toward costs by beneficiaries, more systematic cost-sharing requirements for the various purposes, and greater interest and willingness to assume responsibility by groups immediately affected.

"(b) Provisions in national policy for assigning charges and assessments to specified beneficiaries in accordance with the following general principles: \* \* \*

"Flood control: Primary beneficiaries, communities, and areas directly concerned, including States, should be assigned assessments up to the value of benefits, subject to reliable identification and measurement, with allowance for incentives and repayment ability" (pp. 15-16).

Local contribution to resource development: State and local interests could bear a greater share of the costs of projects from which benefits accrue to them. This is particularly true for flood control and navigation projects which for the most part are charged off as nonreimbursable, with the result that the Federal Government is bearing almost the entire cost.

"However, the entire cost of major projects should not be borne by local groups, despite the fact that the large share of benefits from these projects accrue to local interests. It would be impossible for the local governmental or private bodies to finance the entire, or perhaps even the major share of the costs of such projects. Nevertheless, the Commission is convinced that contribution or repayment policies are in need of revision in order to lessen the burden on the Nation as a whole and to stimulate the local groups within the basin to shoulder a larger portion of the financial burden. The Commission has continually encountered the demand that State and local governments be given a greater share in the determination and administration of the basin program, and it believes that this demand must be accompanied by an explicit willingness to combine administrative responsibility with financial support" (p. 16).

"Cost-sharing policy should promote: Greater consistency in the cost-sharing requirements for the various resource development programs. Some of the variations in current practice cannot be justified in terms of any systematic set of principles" (p. 234).

"Water Resources Policy," a report by the Presidential Advisory Committee on Water

Resources Policy, 1955 (summary and major conclusions):

"It is believed that the principle of equal contribution for equal benefits received should be applied to the beneficiaries of all Federal water resources developments, although it is recognized that historically, the programs of the Federal agencies have differed widely as to the contribution required from the beneficiaries of such projects" (p. 3).

"Identifiable beneficiaries should pay an appropriate share of the cost of projects. The Committee believes that in most instances, direct identifiable beneficiaries should pay a larger share of the cost for benefits received than they now do.

"Responsibility for bearing the cost of maintenance and operation of Federal projects and for their management should be turned over to non-Federal interests as soon as it is soundly feasible in consideration of the Federal investment.

"All Federal agencies should use a uniform approach to cost sharing so that the division of costs between the Federal Government and non-Federal interests for any particular project would be the same regardless of the agency undertaking the project" (p. 30).

"The Committee recommends, as a general policy, that all interstate participate in the cost of projects in accordance with the measure of their benefits, and that the Federal Government assume the cost of that part of projects where the benefits are widely dispersed and represent substantial contributions to the general economic growth of the country or region, or to the national defense. The division of costs between Federal and non-Federal entities should be equitably determined on the basis of the degree and character of the respective interests, and the ability to identify direct beneficiaries. Where the project is primarily of a local character, and where beneficiaries are readily identifiable, the Federal Government's contribution should be limited, with the non-Federal interests bearing a substantial portion of the construction costs of the project as well as the replacement, maintenance, and operation costs. In cases where projects supply or safeguard national needs, or where there are other special compelling considerations, the Federal Government may bear a larger portion of the cost if found in each case to be justified and consistent with criteria established by the Coordinator of Water Resources" (p. 31).

Task Force Report on Water Resources and Power to Commission on Organization of the Executive Branch of the Government, June 1955 (second Hoover Commission):

"It is recommended, to assure that the Federal payment of project costs is kept within reasonable bounds, and that non-Federal beneficiaries pay or repay costs commensurate with their benefits—

"That the Congress enact legislation to establish cost distribution principles, which 'cohesive and clearly identifiable groups receiving substantial benefits' will be required to observe as a prerequisite of Federal participation in reclamation projects; to require that the appropriate Federal agency report on conformance of local groups in recommending projects to the Congress; and to include the following requirements in the principles:

"(a) That the benefits expected to result from any project be subdivided as follows:

"1. those accruing to groups of cohesive and clearly identifiable recipients of substantial benefits.

"2. all benefits not assignable to such groups.

"(b) That the allocated capital cost be distributed in proportion to the benefits assigned.

"(c) That financially responsible governmental or quasi-governmental agencies rep-



representing the groups of cohesive and clearly identifiable recipients of substantial benefits be required, as a condition of Federal participation, to bind themselves to pay at least 50 percent of the cost prorated to them under (b) above with interest.

"(d) That the Federal Government assume all other costs not assumed by such groups.

"(e) That, in general, non-Federal agencies assume the full cost of operation and maintenance" (pp. 98-99).

"Sharing of cost by non-Federal interests: A fair share of the cost of any project which the Federal Government either constructs, or contributes to, should be borne by those to whom substantial benefits accrue. This will reduce the drain upon the Federal Treasury. But it will do three even more important things: It will constitute insurance that the local interests are really convinced of the soundness of the projects; it will result in a more equitable distribution of costs, and; it will preserve the self-respect of the beneficiaries.

"All of the Commissions and other groups which have given mature consideration to water-resources development have supported the principle that beneficiaries should bear an equitable share of costs.

"Nevertheless, present laws are not, in general, in accord with this principle" (p. 758).

#### COMMENTS AND RECOMMENDATIONS REGARDING REIMBURSEMENT FOR NAVIGATION IMPROVEMENTS

Task Force Report on Natural Resources, prepared for the Commission on Organization of the Executive Branch of the Government, January 1949 (first Hoover Commission):

"Under present methods of developing flood control and navigation works, the immediate beneficiaries often do not have to pay directly any significant part of the cost. Their only contribution is through general taxation. Indeed, they are encouraged by this policy to promote costly projects which cost them nothing. Such subsidy of private individuals from the public treasury is at best unjust. Its greatest evil, however, arises from the removal of any sort of economic measure of value in terms of willingness to pay. It seems reasonable to assume that if the direct beneficiaries refuse to pay any part of the project costs, the economic soundness of the project must indeed be questionable" (p. 87).

"A Water Policy for the American People," the Report of the President's Water Resources Policy Commission, 1950 (Cooke Commission):

"Reimbursement for various types of benefits from water resources programs should be determined in accordance with the following principles: \* \* \* (c) for navigation it should be determined in connection with a general program for putting charges for all forms of transportation on a cost basis, including interest" (pp. 12-13).

"Decisions as to user charges, or tolls, for waterway commerce should be worked out as a part of the whole problem of reconciling and making workable a coordinated transportation system. But with rates for all forms of transportation based on full costs, an interconnected system of modern waterways, coordinated with land transportation, should be able to sustain itself with tolls based on full costs and yield returns on the public investment while contributing to the most economic use of the Nation's resources" (p. 16).

"Greater local financial responsibility: The general trend toward lower reimbursement requirements should be reversed. The problem is nationwide, and application in any basin should obviously be conditioned on re-

visions being incorporated in national policy. Specifically, the Commission recommends that consideration be given to:

"(b) Provisions in national policy for assigning charges and assessments to specified beneficiaries in accordance with the following general principles:

"Navigation: An assignment should be made to waterway users and, through agreement, to States and communities to the extent of their benefits, after allowance for incentives. Such assignments may partly be met by toll charges, if and when feasible" (pp. 15-16).

"Water Resources Policy," a report by the Presidential Advisory Committee on Water Resources Policy, 1955."

"Navigation: Serious consideration should be given to repayment of a portion of the costs of new navigation projects, particularly those which will create navigability where none now exists, by the institution of user charges. Although it would appear logical, in the interest of a completely uniform policy as to the participation of beneficiaries in the costs of water resources developments, that user charges should be instituted which would at least bear the cost of operation and maintenance of such navigation facilities, it must be recognized that the subject of user charges involves not only water policy but also the whole field of transportation, including many other mediums. Therefore, it is a more appropriate subject for a survey of the entire field of transportation than one of water policy alone" (p. 32).

Task Force Report on Water Resources and Power to Commission on Organization of the Executive Branch of the Government, June 1955 (Second Hoover Commission):

"It is recommended, to help establish a consistent national water policy, to increase local responsibility, and to fix the limits of Federal activities in the development and conservation of water resources and power.

"That the Congress enact legislation to direct the appropriate Federal agency or agencies to apply the principles of national transportation policy, as expressed in the preamble of the Transportation Act of 1940, to the construction, operation, and maintenance of navigation facilities.

"That the Congress enact legislation to establish a system of user charges relating to the inland and intracoastal waterways, the Great Lakes and connecting channels, and seacoast harbors and channels of the United States. For projects now in operation, such charges should cover all costs of maintenance and operation by whatever agency incurred. ("For future projects (including future capital expenditures for projects now in operation), the charges should cover all Federal costs, i.e., maintenance, operation, and capital costs. All such charges should apply to regions, or system, rather than to individual projects, so as to avoid discrimination" (p. 101).

"Water Resources and Power," report of Commission on Organization of the Executive Branch of the Government, June 30, 1955. (Second Hoover Commission):

"Recommendation No. 8:

"That Congress authorize a user charge on inland waterways except for smaller pleasure craft, sufficient to cover maintenance and operation, and authorize the Interstate Commerce Commission to fix such charges" (p. 85).

The PRESIDING OFFICER. The bill is open to amendment. If there be no amendment to be proposed, the question is on the engrossment and third reading of the bill.

The bill (S. 962) was ordered to be engrossed for a third reading, read the third time, and passed, as follows:

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the modification of the Gulf Intracoastal Waterway-Channel to Port Mansfield, Texas, is hereby authorized substantially in accordance with the recommendations of the Chief of Engineers contained in Senate Document 11, of the Eighty-sixth Congress, at an estimated cost of \$3,431,000.*

Sec. 2. There are hereby authorized to be appropriated such sums as may be necessary to carry out the provisions of this Act.

The PRESIDING OFFICER. The next measure on the calendar will be stated.

#### MODIFICATION OF PROJECT FOR KAHULUI HARBOR ISLAND OF MAUI, HAWAII

The Senate proceeded to consider the bill (S. 1632) authorizing the modification of the existing project for Kahului Harbor, island of Maui, Hawaii, which had been reported from the Committee on Public Works with amendments on page 1, line 3, after the word "for", to strike out "Kahuli" and insert "Kahului", and in line 8, after the word "of", to strike out "\$964,800" and insert "\$944,500 to the United States for construction", so as to make the bill read:

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the modification of the existing project for Kahului Harbor, island of Maui, Hawaii, is hereby authorized substantially in accordance with the recommendations of the Chief of Engineers contained in House Document Numbered 109, of the Eighty-sixth Congress, at an estimated cost of \$944,500 to the United States for construction.*

Sec. 20. There are hereby authorized to be appropriated such sums as may be necessary to carry out the provisions of this Act.

The amendments were agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

The title was amended, so as to read: "A bill authorizing the modification of the existing project for Kahului Harbor, island of Maui, Hawaii."

#### BILLS PASSED OVER

The bill (S. 1968) to strengthen the wheat marketing quota and price support program was announced as next in order.

Mr. ENGLE. Mr. President, by request I ask that the bill be passed over.

The PRESIDING OFFICER. The bill will be passed over.

The bill (H.R. 5674) to authorize certain construction at military installations, and for other purposes, was announced as next in order.

Mr. ENGLE. Mr. President, I ask that all the items from No. 284 to the end of the calendar be passed over.

The PRESIDING OFFICER. The bills will be passed over.

The bills passed over are as follows:

H.R. 5674. A bill to authorize certain construction at military installations, and for other purposes.



S. 1901. A bill to amend section 101(c) of the Agricultural Act of 1949 and the act of July 28, 1945, to stabilize and protect the level of support for tobacco.

S. 218. A bill for the relief of Laurie Dea Holley and the legal guardian of Karmen Lael Holley, minor child.

S. 707. A bill for the relief of Demetrios Pappathakis.

S. 1291. A bill for the relief of Marko Klapan.

#### MARKO KLAPAN

Mr. KEATING. Mr. President, I ask unanimous consent for the present consideration of Calendar No. 238, Senate bill 1291.

The PRESIDING OFFICER. The bill will be stated by title for the information of the Senate.

The LEGISLATIVE CLERK. A bill (S. 1291) for the relief of Marko Klapan.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the bill was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, for the purposes of the Immigration and Nationality Act, Marko Klapan shall be held and considered to have been lawfully admitted to the United States for permanent residence as of the date of the enactment of this Act, upon payment of the required visa fee. Upon the granting of permanent residence to such alien as provided for in this Act, the Secretary of State shall instruct the proper quota-control officer to deduct one number from the appropriate quota for the first year that such quota is available.*

#### DEMETRIOS PAPPATHAKIS

Mr. KEATING. Mr. President, I ask unanimous consent for the immediate consideration of Calendar 287, Senate bill 707.

The PRESIDING OFFICER. The bill will be stated by title for the information of the Senate.

The LEGISLATIVE CLERK. A bill (S. 707) for the relief of Demetrios Pappathakis.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

Mr. LANGER. Mr. President, reserving the right to object, may I ask for an explanation of the bill?

Mr. KEATING. Mr. President, this bill, which was introduced by the chairman of the Committee on the Judiciary [Mr. EASTLAND], is for the relief of Demetrios Pappathakis, a minor child seeking to be adopted by citizens of the United States.

Mr. LANGER. I have no objection. The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the bill was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, for the purposes of sections 101(a) (27) (A) and*

*205 of the Immigration and Nationality Act, the minor child, Demetrios Pappathakis, shall be held and considered to be the natural-born alien child of Mr. and Mrs. Paul Apostle, citizens of the United States: Provided, That the natural parents of Demetrios Pappathakis shall not, by virtue of such parentage, be accorded any right, privilege, or status under the Immigration and Nationality Act.*

Mr. ENGLE. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. HILL. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. ENGLE in the Chair). Without objection, it is so ordered.

#### MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Maurer, one of its reading clerks, announced that the House had disagreed to the amendments of the Senate to the bill (H.R. 4245) relating to the taxation of the income of life insurance companies; agreed to the conference asked by the Senate on the disagreeing votes of the two Houses thereon, and that Mr. MILLS, Mr. FORAND, Mr. KING of California, Mr. SIMPSON of Pennsylvania, and Mr. MASON were appointed managers on the part of the House at the conference.

#### INTERNATIONAL HEALTH AND MEDICAL RESEARCH ACT OF 1959

Mr. HILL. Mr. President, yesterday the Senate had under consideration S.J. Res. 41, Calendar No. 232. I ask unanimous consent that the Senate may proceed to the further consideration of that joint resolution at this time.

The PRESIDING OFFICER. The clerk will state the joint resolution by short title for the information of the Senate.

The LEGISLATIVE CLERK. A joint resolution (S.J. Res. 41), the International Health and Medical Research Act of 1959.

The PRESIDING OFFICER. Is there objection to the unanimous-consent request of the Senator from Alabama? The Chair hears none, and it is so ordered.

The Senate resumed the consideration of the joint resolution (S.J. Res. 41).

Mr. HUMPHREY. Mr. President, I rise to support strongly the proposed legislation now pending before the Senate, the International Health and Medical Research Act of 1959. I am delighted and feel greatly honored to be privileged to join with the distinguished senior Senator from Alabama [Mr. HILL] in supporting the bill. This fine measure is the handiwork of the Senator from Alabama and his associates on the Committee on Labor and Public Welfare.

I should like to reiterate what I stated on March 10, 1959, when I appeared as a cosponsor of the resolution before a hearing of the Committee on Labor and

Public Welfare, presided over by its chairman, the distinguished senior Senator from Alabama [Mr. HILL], the sponsor of the measure.

At that time, as I indicated in the printed hearings, beginning on page 192, I stated that I regard the proposed legislation as one of the foremost landmarks of the 86th or any other Congress.

Senate joint resolution 41 is an inspiring example of humanitarian action by Congress. It is an illustration of enlightened self-interest at work. In strengthening cooperation among the medical scientists of the world, it strengthens the outlook for the health of the entire human family.

As I stated at the hearing, too, one fact is clear: The joint resolution is the proud work of the senior Senator from Alabama. It is his creation, and he deserves the fullest possible credit for it.

Our colleague and associate from Alabama has written many notable statutes for the improvement of human health, notably the Hill-Burton hospital construction law and the health research facilities law. But I venture to predict that when the history of these times is written, few of his great contributions will rank higher than the noble resolution which I know the Senate is about to approve.

The Senator from Alabama has worked on the resolution for a long time. He has sought counsel on it from experts throughout the land. He has unhesitatingly incorporated strengthening and clarifying amendments, for which we thank him. He has demonstrated eagerness at all times to make the resolution as fine and sound an instrument as possible. Some of the finest reading which any Senator could undertake are the hearings on Senate Joint Resolution 41.

When I think of the caliber and quality of the persons who testified, the outstanding professional people who came forward, voluntarily and eagerly, to give testimony in support of the resolution, it should warm the hearts of all Americans to know that there is such a spirit of understanding and humanitarianism in America.

Mr. HILL. Mr. President, will the Senator from Minnesota yield?

Mr. HUMPHREY. I yield.

Mr. HILL. As the Senator from Minnesota has said, it would be almost impossible to compile a list of more eminent witnesses than those who appeared in behalf of the resolution. None testified more eloquently or more brilliantly than did the distinguished senior Senator from Minnesota.

Mr. HUMPHREY. I thank the great Senator from Alabama.

Mr. CLARK. Mr. President, will the Senator yield?

Mr. HUMPHREY. I yield to the Senator from Pennsylvania.

Mr. CLARK. I wish to commend the distinguished senior Senator from Alabama for the effective work he has done in bringing the resolution to the floor of the Senate and for the speech he made yesterday in support of it.

It is my good fortune to be a member of the Committee on Labor and Public Welfare and to have had the privilege



of attending the hearings to which witnesses from all over the United States brought their support to this most important measure. The resolution has well been called a health for peace resolution.

I know of the great interest which the senior Senator from Minnesota has taken in this matter and the fine testimony he gave in support of it. It seems to me to be almost incredible that there should be opposition in this Chamber to the provisions of the resolution, in view of the almost incalculable amount of good it can do throughout the world, with the very minimum amount of expense which the measure authorizes to be incurred.

I sincerely hope that the resolution will promptly be passed by the Senate and by the other body, and will become law.

Mr. HUMPHREY. I thank the Senator from Pennsylvania for his statement. I know I speak for the Senator from Alabama, as I certainly speak for myself, when I say that it is always gratifying to have the words of commendation and the splendid assistance of the Senator from Pennsylvania [Mr. CLARK]. What he has said here today is indicative of his keen interest in health measures, particularly the international aspects of health.

Mr. HILL. Mr. President, will the Senator from Minnesota yield?

Mr. HUMPHREY. I yield.

Mr. HILL. I may say that the distinguished senior Senator from Pennsylvania is one of the sponsors of the resolution, as is the distinguished senior Senator from Minnesota. The senior Senator from Pennsylvania, who is a member of the Committee on Labor and Public Welfare, made really fine contributions to the formulation of the resolution and to the final action on it by the committee.

Mr. CLARK. I thank the Senator from Alabama and the Senator from Minnesota for their kind but quite unmerited words.

Mr. HUMPHREY. Mr. President, America and the world are in the debt of the Senator from Alabama and his committee for this far-visioned measure. The reaction to the resolution has been virtually unanimous in its favor. A little later, I shall cite some of these enthusiastic reactions.

#### THE DANGER OF "BUDGET-ITIS"

The executive branch has wisely endorsed the principle of the resolution. But there is one factor—one condition—in the executive branch which does cause concern. It is what I call "budget-itis," a condition which spreads like a contagion from the accountants of the Bureau of the Budget. They are myopically more concerned with low but neat figures in the budget document than they are with the high costs of disease. They can see the \$50 million ceiling of authorization in the resolution and profess to be alarmed about it. But they cannot see and are not alarmed about the hundreds of millions of dollars which disease is costing the American taxpayers, directly and indirectly, not to mention the

incalculable toll in pain, suffering, and premature death.

#### LESS GUNS, MORE HEALTH FOR LATIN AMERICA

Let me say to the Senate and to the American people as a whole that if there is to be objection to the resolution because it authorizes \$50 million—I repeat: \$50 million; that is all—and if that \$50 million will, somehow or other, work a great injustice upon the so-called balanced budget, I have a way to remedy it. The President's budget for foreign aid provides an increase of \$50 million for military assistance to Latin-American countries. We are increasing the amount for military assistance to Latin-American countries to \$125 million compared with some \$35 million only 3 years ago.

I say to the great Senator from Alabama that if any Senator raises his voice about the cost of the resolution, I can assure him, from what I have heard in the testimony given before the Committee on Foreign Relations, that we will trim more than \$50 million from some of the military assistance proposed to be sent to countries which do not need it.

If my voice can be heard in the villages, hamlets, towns, and cities of America, and if the people of the United States have a choice between spending \$50 million to fight cancer, or \$50 million to mobilize the scientific knowledge of the world against heart disease, and spending \$50 million to send guns, planes, and tanks to South America, believe me, if the American people have the right sense and good judgment which I know they have, they will know where to put the \$50 million. They will put it into health, by means of this resolution.

If the administration plans to raise any hobgoblins or ghosts by claiming that the \$50 million here proposed will put the budget out of balance, we will balance the budget for it, and I will take personal responsibility for doing so. Fifty million dollars worth of guns, bazookas, planes, and tanks are not needed in Latin America. Latin America is fighting enough as it is already. What are needed in Latin America are some schools and some health. The Senator from Alabama, through the resolution, will do more good for Latin America with this \$50 million than all the mutual security and military assistance put together.

I know of a few other places where some surplus military aid can be trimmed off. I venture to say that some medical care in certain parts of Asia and Africa will do more good than the sending of some F-86's or some B-47's. The cloak of secrecy compels me, regrettably, not to disclose to the Senate some of the kinds of equipment it is planned to send to some strange places. But it is planned to send military equipment to people who do not even know how to use it. It is necessary to train them to use it.

Mr. President, I want to forewarn anyone who opposes the resolution on the basis of the \$50 million authorization that we who sponsor the resolution are prepared to do battle here, military as-

sistance or no military assistance. We will not need bazookas, tanks, guns, or grenades to win this battle, because the American people want the great medical know-how of the U.S. Government and the medical know-how and scientific knowledge of other peoples throughout the world to be pooled in this great crusade against disease.

Think of the thousands and thousands of persons who today are suffering from cancer. Many of them are our neighbors. For all we know, one of us may be next.

When we think of what could be done with \$50 million to combat disease on a worldwide basis, it is hard to conceive that any Senator will oppose this measure.

I want to be here to help. I assure the Senator from Alabama that I am here to do battle for this good cause. This is the Lord's work right here. This is doing the kind of work the Congress should be doing. As a matter of fact, I am a little worried that we are authorizing only \$50 million. It seems to me that is a rather small authorization. But at least it is a beginning.

Mr. President, I wish to serve warning on the opponents of the joint resolution, because I really think this is the kind of legislation that every Member of Congress should be proud of, and should want to have his name attached to, and should want to vote for, so as to let the whole world know that the Congress of the United States is prepared to wage war on disease, and that all members of Congress are unanimous in that effort, and that we welcome allies from every corner of the world. We have one common enemy; and in the war against that enemy we can put every kind of scientist and doctor into the same uniform. All can unite in the same struggle, for the same purpose, against the same enemy—namely, in the fight for health, and in the fight against disease.

#### DISEASE HAS INFLATIONARY IMPACT

Mr. President, in speaking of those who have objected to this measure—and I refer in particular to the reports of the Bureau of the Budget—let me say that apparently they cannot see that disease is economically inflationary. It slashes working time and productivity. It raises economic costs. It reduces purchasing power. So, Mr. President, from the standpoint of our U.S. economy and from the standpoint of the U.S. Treasury, a healthy nation is a better and a more prosperous nation.

The Hill bill is an antiinflationary measure—if we have to view it from the economic point of view—which will serve tangible economic goals, in addition to great humanitarian goals, for our country.

So, Mr. President, I trust that "budget-itis"—which, by the way, is a peculiar kind of disease, of a current and temporary nature, which can be cured by this joint resolution—will not prevail against the bill. I know "budget-itis" will not prevail here in the Senate. Just as I know that the sun rises in the east and sets in the west, I know that the Senate will not be deterred for a



cooperation between our country and other countries in this program. Is that correct?

Mr. WILLIAMS of New Jersey. Yes.

Mr. ELLENDER. But, in my opinion, we will ultimately end up by paying all the bills for training and everything else. If that is cooperation, I do not know the true meaning of the word.

Mr. WILLIAMS of New Jersey. I think it will be a two-way street.

Mr. HILL. The Senator from New Jersey is a member of the Subcommittee on Health, and he was most diligent in his attendance on the subcommittee. He heard all the witnesses and all the testimony from eminent doctors and scientists from throughout the Nation and from representatives of great organizations such as the American Medical Association, the American Dental Association, the American College of Surgeons, and other organizations. The Senator asked a number of questions to bring out the facts, so the committee would be satisfied in its own mind that it was putting in the measure safeguards in order that a watchful eye might be kept on the whole program—the matter to which the Senator from Louisiana has called our attention.

Mr. WILLIAMS of New Jersey. I thank the Senator.

Mr. ELLENDER. Mr. President, I wish it were possible for me to support this bill. I would like to do so. I am not unfamiliar with the problems facing American medicine today. One of my brothers is a physician. My only son is a surgeon.

I am sympathetic with the purpose of this bill, and if it were drafted in such a way that those purposes alone would be achieved, I would support it. However, Mr. President, that is not the case.

I have no quarrel with the purpose of this bill. I do believe, however, that the authority it contains is much too sweeping. If the authorization were amended to cover the specific examples cited by the distinguished Senators who have already participated in debate, I perhaps could support the bill.

I have already discussed with the Senator from Alabama [Mr. HILL] the authority it contains for our Government to give research grants to foreign institutions. It strikes me that with the burdens we are already carrying throughout the world, such financing could and should well be done by those countries which are presently engaged in research activities.

However, as I understand it, if our Government took upon itself to decide that the Swedes were not moving as fast in leukemia research as we would like to see them move, then authority in this bill would permit Uncle Sam to offer the Swedes a little money in order to coax them into more strenuous efforts. It seems to me that we should finance the research work we have going on in our own country, to the maximum possible and feasible, before we embark upon a new program of making grants to foreign countries.

Under this bill, the authority exists for indiscriminate financing of programs involving the exchange of doctors and

others between foreign countries—not only between the United States and foreign countries, but among foreign countries themselves.

Authority also exists for further contributions to the World Health Organization. I appreciate the fact that the report on the bill indicates that this authority would be limited in its application, but I remind Senators that the committee report is not the law.

The same is true of almost every other feature of this bill, and while I am in accord with its purposes, I cannot agree that the practically boundless authority it vests in the Surgeon General is either necessary or prudent. Under the terms of this measure, \$50 million per year could be used for almost any purpose imaginable. I cannot endorse legislation which is so much broader in its authority than the purposes for which it is designed require.

In this connection, I specifically call attention to the fact that the resolution contains broad power for making expenditures, which ought to be furnished by the people who are supposed to cooperate with us. If the Senator will look at page 23 of the resolution, subparagraph (d), beginning on line 21, it reads:

(d) In carrying out the provisions of this joint resolution the Surgeon General is authorized to establish offices in foreign countries, for such areas as he may deem advisable, and for such purpose appropriations for carrying out this joint resolution shall be available for rental or lease outside the United States of offices, buildings, grounds, and living quarters to house personnel; maintenance, furnishings, necessary repairs, improvements, and alterations to properties owned or rented by the United States Government abroad; and cost of fuel, water, and utilities for such properties.

That is extremely broad authority. I am wondering about the extent to which a section like this will be used to provide facilities for students, rather than for research.

Mr. HILL. Certainly the Council, the Secretary of Health, Education, and Welfare, and the Surgeon General would go far beyond their authority if they did so, I will say to my friend from Louisiana. The facilities must be tied to a research project.

Mr. President, may we have a vote on the committee amendment?

The PRESIDING OFFICER. The question is on agreeing to the committee amendment in the nature of a substitute.

The amendment was agreed to.

Mr. HILL. Mr. President, may we have the third reading of the joint resolution?

The PRESIDING OFFICER. The question is on the engrossment and third reading of the joint resolution.

The joint resolution was ordered to be engrossed for a third reading, and was read the third time.

Mr. MANSFIELD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceed to call the roll.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent to have printed in the RECORD a brief statement which I have prepared concerning the joint resolution.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT BY SENATOR JOHNSON OF TEXAS

Senate Joint Resolution 41 would mobilize the skills, resources, talents, and capabilities of the health scientists of the world.

This legislation reflects the abiding interest of the distinguished senior Senator from Alabama, LISTER HILL, in the welfare and well-being of humankind. It is another move in the march that has led the last two Congresses to do more to advance medical research than any of its predecessors.

This would be a joining of hands in a scientific project which has neither political, nor military, nor economic objectives.

The need is great. The potential for good is equally large.

There are annually about 90 million births and 49 million deaths in the world.

I am told that in some parts of Africa, the infant mortality rate exceeds one death for every four births.

Infectious disease knows no boundary. One out of seven of the world's population suffers from an infectious eye ailment that threatens possible blindness for many.

This project would demonstrate the good that can come from people working together. It would emphasize to the world our belief that man's mission on earth is to heal and to build and not to hurt nor destroy.

Mr. SYMINGTON. Mr. President, the Senate is now considering Senate Joint Resolution 41, the Health for Peace Act. For the benefit of all mankind, this could be one of the most important measures we will consider this year, and I hope we can give it prompt and favorable action.

Under this proposal, the United States will become an active participant and a leader in a program which will serve all people through cooperative research by the world's best minds.

The credit for the inspiration and work behind this bill belongs to the distinguished senior Senator from Alabama [Mr. HILL]. For many years he has been a leader in the cause of national and international health.

No Member of the Congress has given so much of his time and talent to this fine work. He has served not only the people of his State and his country, but also the people of the world.

Recently, the distinguished senior Senator from Alabama was honored at a health-U.S.A. testimonial luncheon, where he received an award "for distinguished contributions to the health of the American people." It was a deserved tribute for many years of legislative leadership in the field of health. I commend to the attention of my colleagues the acceptance address which Senator HILL made at that time, and which was inserted in the RECORD of May 13.

The resolution which we are considering will create a new National Institute for International Medical Research, within the National Institutes of Health,



with an annual authorization of \$50 million.

These funds would be used to encourage and support research and the exchange of information, the training of research personnel and the improvement of research facilities in all parts of the world.

The progressive approach embodied in this measure recognizes the fact that medical research is so complex and interrelated that victory over any disease or disability results only from the research efforts of many scientists throughout the world.

As the eminent physician, Dr. Howard A. Rusk, pointed out recently in the New York Times:

The enthusiastic congressional support of the health for peace bill gives dimension and significance to the aphorism of the late Sir William Osler, who once said: "The great republic of medicine knows and has known no national boundaries."

The passage of this joint resolution will provide the world with a practical demonstration of this country's belief in the dignity of the individual, whoever and wherever he may be. The Health for Peace Act will put the United States at the forefront of a common crusade against the age-old enemies of mankind.

Our country can be dedicated to no more important task.

Mr. PASTORE. Mr. President, in keeping with the mood of the Senate as we consider major measures to help mankind in its constant warfare against disease, I ask unanimous consent to have printed in the RECORD an editorial from the May 14, 1959, issue of the Newport Daily News of Newport, R.I.

The title of the editorial is "Another Manhattan Project" and it asks an all-out battle on cancer as our No. 1 public enemy.

This editorial is written from the heart—from a personal tragedy in the home of the writer whose desire is to lift that shadow from other homes.

The editorial is deeply moving and thought-provoking, and it reveals the pattern of thinking throughout our land. It is a distinct contribution to our deliberations.

There being no objection, the editorial was ordered to be printed in the RECORD as follows:

#### ANOTHER MANHATTAN PROJECT

In what proved to be a successful effort to beat the Nazis in evolving the atomic bomb, President Franklin D. Roosevelt and his scientific and military advisers resorted to what was called Manhattan project.

Teams of highly qualified experts were given every facility they believed essential to the task set them. Money was no object. If laboratories were needed, these were built. Apparatus, technical impedimenta of all kinds, superexpensive materials—all were supplied without stint or limitation. The only consideration was the goal—produce the bomb. It was produced.

Many believe the time has arrived for this Nation to bring into being a new kind of Manhattan project. Only this time its objective would be not something to destroy life, but something to save life. A cure for cancer.

Cancer is the No. 1 public enemy. Of late the dark shadow of this terrible affliction has been seen in public life. Secretary of State Dulles is slowly dying of it. Arthur Godfrey,

one of America's favorite entertainers, has been operated on for it. Gen. Nathan F. Twining, Chairman of the Joint Chiefs of Staff, has just had part of a lung removed, and as this is written it is feared cancer has attacked him.

We appropriate billions of dollars for many things. We spend and spend and spend, sometimes not wisely, but far too liberally. Isn't it time we concentrated on discovering the cause, treatment, and cure of the most horrible disease that attacks the human body? Why not, then, another all-out project, not to destroy, but to save, human beings?

The PRESIDING OFFICER. The joint resolution having been read the third time, the question is, Shall it pass? On this question the yeas and nays having been ordered, the clerk will call the roll.

The legislative clerk called the roll.

Mr. MANSFIELD. I announce that the Senator from Virginia [Mr. BYRD], the Senator from New Mexico [Mr. CHAVEZ], the Senator from Idaho [Mr. CHURCH], the Senator from Illinois [Mr. DOUGLAS], the Senators from Oklahoma [Mr. KERR and Mr. MONRONEY], the Senator from West Virginia [Mr. RANDOLPH], the Senator from Mississippi [Mr. STENNIS], and the Senator from Georgia [Mr. TALMADGE] are absent on official business.

I also announce that the Senator from South Carolina [Mr. JOHNSTON] is absent because of a death in his family.

I further announce that the Senator from Michigan [Mr. HART] is absent because of illness.

I further announce that, if present and voting, the Senator from New Mexico [Mr. CHAVEZ], the Senator from Idaho [Mr. CHURCH], the Senator from Illinois [Mr. DOUGLAS], the Senators from Oklahoma [Mr. KERR and Mr. MONRONEY], the Senator from Mississippi [Mr. STENNIS], the Senator from Michigan [Mr. HART], and the Senator from South Carolina [Mr. JOHNSTON] would each vote "yea."

On this vote, the Senator from Virginia [Mr. BYRD] is paired with the Senator from West Virginia [Mr. RANDOLPH]. If present and voting, the Senator from Virginia would vote "nay," and the Senator from West Virginia would vote "yea."

Mr. KUCHEL. I announce that the Senator from New Hampshire [Mr. BRIDGES], the Senator from Iowa [Mr. HICKENLOOPER], the Senator from Kentucky [Mr. MORTON], and the Senator from Massachusetts [Mr. SALTONSTALL], are necessarily absent.

The Senator from Arizona [Mr. GOLDWATER] is absent by leave of the Senate.

The Senator from Wisconsin [Mr. WILEY] and the Senator from North Dakota [Mr. YOUNG] are detained on official business.

The result was announced—yeas 63, nays 17, as follows:

#### YEAS—63

Aiken	Carroll	Frear
Allott	Case, N.J.	Fulbright
Anderson	Case, S. Dak.	Gore
Bartlett	Clark	Green
Beall	Cooper	Gruening
Bible	Cotton	Hartke
Bush	Dodd	Hayden
Byrd, W. Va.	Eastland	Hennings
Cannon	Engle	Hill
Carlson	Ervin	Humphrey

Jackson  
Javits  
Johnson, Tex.  
Jordan  
Keating  
Kefauver  
Kennedy  
Kuchel  
Long  
McCarthy  
McGee

McNamara  
Magnuson  
Mansfield  
Martin  
Morse  
Moss  
Mundt  
Murray  
Muskie  
Neuberger  
O'Mahoney

Pastore  
Prouty  
Proxmire  
Scott  
Smathers  
Smith  
Sparkman  
Symington  
Williams, N.J.  
Yarborough  
Young, Ohio

#### NAYS—17

Bennett  
Butler  
Capehart  
Curtis  
Dirksen  
Dworshak

Eliender  
Holland  
Hruska  
Langer  
Lausche  
McClellan

Robertson  
Russell  
Schoeppel  
Thurmond  
Williams, Del.

#### NOT VOTING—18

Bridges  
Byrd, Va.  
Chavez  
Church  
Douglas  
Goldwater

Hart  
Hickenlooper  
Johnston, S.C.  
Kerr  
Monroney  
Morton

Randolph  
Saltonstall  
Stennis  
Talmadge  
Wiley  
Young, N. Dak.

So the joint resolution (S.J. Res. 41) was passed.

The title was amended, so as to read: "Joint resolution to establish a National Institute for International Health and Medical Research, to provide for international cooperation in health research, research training, and research planning, and for other purposes."

The preamble was amended so as to read:

Whereas it is recognized that disease and disability are the common enemies of all nations and peoples, and that the means, methods, and techniques for combating and abating the ravages of disease and disability and for improving the health and health standards of man should be sought and shared, without regard to national boundaries and divisions; and

Whereas advances in combating and abating disease and in the positive promotion of human health can be stimulated by supporting and encouraging cooperation among scientists, research workers, and teachers on an international basis, with consequent benefit to the health of our people and of all peoples; and

Whereas there already exist tested means for international cooperation in matters relating to health, including the World Health Organization, the Pan American Health Organization, and the United Nations Children's Fund (UNICEF), with which the United States is identified and associated, and it is highly desirable that the United States establish domestic machinery for the maximum mobilization of its health research resources, the more efficiently to cooperate with and support the research, research-training and research-planning endeavors of such international organizations; Therefore be it.

Mr. MANSFIELD. Mr. President, I move that the vote by which the joint resolution was passed be reconsidered.

Mr. HILL. Mr. President, I move to lay that motion on the table.

The motion to reconsider was laid on the table.

#### SUPPORT LEVEL FOR TOBACCO

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Calendar No. 285, Senate bill 1901.

The PRESIDING OFFICER. The bill will be stated by title for the information of the Senate.

The LEGISLATIVE CLERK. A bill (S. 1901) to amend section 101(c) of the Agricultural Act of 1949 and the act of



July 28, 1945, to stabilize and protect the level of support for tobacco.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Montana?

There being no objection, the Senate proceeded to consider the bill.

Mr. MANSFIELD. Mr. President, for the information of Senators, I wish to state, after consultation with the minority leader, that the tobacco bill having been made the pending business, no action will be taken, and debate will begin tomorrow as soon after the morning hour as possible. There will be no further votes today.

#### NATIONAL AND PROVINCIAL HEALTH PROGRAMS IN CAN- ADA

Mr. NEUBERGER. Mr. President, frequently we focus our attention many thousands of miles away and forget what is taking place just north of us, in the land of our closest neighbor, Canada. The Oregon Daily Statesman of Salem, for May 15, 1959, published a most comprehensive and informative editorial about the health program now underway under the joint auspices of the Canadian National Government and the governments of 6 out of the 10 Provinces of Canada. Because this editorial provides so much information which has not been published widely elsewhere in the United States, I ask unanimous consent that it be included in the body of the RECORD. I might add that the editor and publisher of the Oregon Daily Statesman is Charles A. Sprague, distinguished journalist and a former outstanding Governor of the State of Oregon. The editorial is especially timely because the Senate today has passed Senate Joint Resolution 41, providing for International Health and Research under the NIH.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

##### CANADA'S HEALTH PROGRAM

Canada, in its own way keeps moving along as a welfare state. Many of the provinces, perhaps all, have universal old age grants and subventions for births. Now all but one have an insurance system which covers, or will when put into operation, hospitalization including ward accommodations, nursing, drugs, X-rays, surgical supplies and use of operating room. Quebec is the holdout. The Canadian provinces haven't gone as far as Britain for full socialized medicine—services of physicians and surgeons are not covered under the plan as in the mother country.

The financing is contributory by the public except in Newfoundland and British Columbia where individuals are not assessed. In 6 of the 10 provinces participation in hospital insurance is compulsory. Ontario's plan is partly voluntary but 93 percent of the population are enrolled. There the fee is \$2.10 per individual per month and \$4.20 per family. These payments cover about a third of the cost. The remaining two-thirds are shared 50-50 by the province and the federal government. The hospital program was launched by five provinces July 1, 1958. Its spread has been rapid in the subsequent months.

In the United States reliance is still put on voluntary participation in Blue Cross or

insurance plans save for such industries where companywide plans cover all employees. No effort has been made since early in the Eisenhower administration to establish a system of health insurance. In 1957 Representative FORAND, of Rhode Island, introduced a bill to have social security extend to provide hospital, surgical and nursing home benefits to the aged. It has been vigorously opposed by the American Medical Association, American Dental Association and the hospital and nursing home associations. One reason for nonaction was the estimate by the Social Security Administration that the cost of care under the Forand bill would run to \$835 million in 1959. Congress did pass a bill in 1958, H.R. 9822, for a White House Conference on Aging. This will be held in January 1961. Also for medical organizations created a Joint Council To Improve the Health Care of Aged, whose purpose was to find ways to get private sources to write health insurance for the aged.

In this country, the immediate concern is over medical and nursing care for the aged, while Canada launches a nearly universal program to provide hospital care for all. Spite of all these benefits, however, Canada still loses some 30,000 a year of its people who emigrate to the U.S.A.

#### PROPOSED REPEAL OF PRICE SUP- PORTS ON ALL FARM COMMODI- TIES

Mr. CAPEHART. Mr. President, I ask unanimous consent to submit, after the Senate adjourns tonight, an amendment to the so-called wheat bill, Senate bill 1968.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Indiana? The Chair hears none, and it is so ordered.

Mr. CAPEHART. Mr. President, the amendment I propose to submit to the wheat bill, Senate bill 1968, would repeal all price supports on all farm commodities after this calendar year, or beginning January 1, 1960.

It would repeal all price supports on all the commodities the prices of which we are now supporting. It would likewise freeze the surplus or Government stockpile, except for certain purposes as directed by the President.

My amendment would permit sale from the stockpile for export. It would permit sale for the school lunch program. It would permit sales and grants to feed hungry people. The surplus could be disposed of in many other ways.

My amendment would likewise permit the President of the United States to sell in the domestic market anything from the stockpile at 100 percent of parity. If, in the opinion of the President, an emergency existed, if prices of farm products were out of line, if there were a drought, or if there were other circumstances which created an emergency, the President could permit the sale out of the stockpile, but only at 100 percent of parity.

We must do one of two things. Either we must repeal the price support laws, which my amendment would do, or we must go back to 90 or 100 percent of parity, because the system under which we are operating will not work. My amendment will be printed and made available to Senators tomorrow. It is a

proposed amendment to the Wheat Act. It would freeze the surplus. We could thereby dispose of the \$9 billion to \$10 billion worth of surplus commodities which the Government has on hand, and any other commodities which might come into the stockpile during the remainder of the year. The surplus could be disposed of in an orderly fashion. I believe it would require at least 5 years to dispose of it. My amendment would repeal price support laws with respect to all commodities.

Therefore, starting next January, the farmer could start the year as though there never had been any Government farm regulations or laws. We would freeze the \$9 billion or \$10 billion worth of surpluses and dispose of them in an orderly way.

We cannot continue to spend \$5 billion a year on price supports, or \$6½ billion a year to operate the Department of Agriculture, when all that is being accomplished is the building up of further surpluses, without doing any good for the farmers. In other words, what is happening at the moment is that the cost is going up, the surpluses are increasing and farm prices are staying at about the same level or are going lower. It is silly and it is ridiculous. It makes no sense.

I introduced an omnibus farm bill about 3 weeks ago. I could not get too much help on it. I am now submitting my amendment to the wheat bill. It would repeal all price support laws, in an effort to be helpful and in trying to solve the so-called farm problem. The farm problem is now getting as troublesome to the taxpayer as it is to the farmers. It is not doing the farmers any good, and it is costing the taxpayers many billions of dollars.

I hope the Committee on Agriculture and Forestry and the Senate and the Congress will give real consideration to the amendment I am submitting. Perhaps there is a better way to solve the problem than my amendment proposes. If there is, let us find out.

However, I say the time has arrived when Congress must face the issue. We cannot afford to delay action until next year. We ought to face the issue this year.

We must either get rid of price supports or we should devise a plan, which is workable and will actually help the farmer, and which will be less costly to the American taxpayer than the present plan.

I am submitting the amendment because I feel we must have some place from which to start. I am doing it so that we may get everyone interested in it and so that we may have a great deal of debate on the subject on the floor of the Senate. I am doing it in behalf of the American taxpayers and the American farmers. They are both vitally interested in it.

Mr. Benson has told us that the present system is not working. The President of the United States has said it is not working. The cost of the program indicates that it is not working. Farm prices indicate that it is not particularly helping the farmer. So I say, Mr.



President, let us have the courage to face the issue, because only Congress can change the law, and only Congress can establish new policies.

I repeat that my amendment to the wheat bill would repeal all price supports on all commodities after this year, effective as of January 1 next year. It would freeze the \$9 billion or \$10 billion surpluses on January 1. It would freeze the stockpile and would permit an orderly disposal of it, so that it would not interfere with what the farmers produce and what the farmers grow from that time forward.

Mr. HUMPHREY. Mr. President, will the Senator yield?

Mr. CAPEHART. I am glad to yield.

Mr. HUMPHREY. I wonder if I clearly understood the Senator. Is he saying that after this crop year, starting in 1960, his amendment, if enacted into law, would repeal the price supports on all farm commodities?

Mr. CAPEHART. That is correct.

Mr. HUMPHREY. Does the Senator offer any alternative?

Mr. CAPEHART. We would freeze the surplus and dispose of it in an orderly way. On January 1, the \$9 billion or \$10 billion worth of surplus would be disposed of in an orderly way. My best judgment is that it would take about 5 years to do so. We would take the surplus out of competition with what the farmers would start to grow next year. We must get rid of this costly program, which is not helping the farmers. There may be other ways of doing it, but, in any event, this is one way of doing it.

Mr. Benson says the present program is not working. Mr. Benson says we ought to enable the farmers to operate their own farms and conduct their own business. I am sure he would be 100 percent for the amendment. I have not discussed it with him. It is my own idea. However, I am sure that he will be for it, because he has been telling us the present program is not workable. The President has said so in his annual message to Congress. I am certain that Secretary Benson will support this idea. I say that based on many statements he has made.

Our price supports are becoming so low—and the price supports set the market prices—that the farmers would be better off if we had no price supports at all. I say that because under the law a ceiling is provided. Under the law the Secretary of Agriculture must sell commodities from the stockpile at 5 percent above the existing support price. That means that if the support price on wheat is 75 percent, wheat is sold from the stockpile at 80 percent. That sets the market price. If we are to have support prices, we must at least get rid of that particular law. If we are going to push support prices farther down, as has been suggested by some, and have a law which provides that \$9 or \$10 billion worth of commodities in the stockpile must be sold at 5 percent above the support price, the program cannot work.

All we are doing is piling up more costs for the taxpayers and building up larger surpluses, and setting the market price at 5 percent above the support price. So

I say let us do one of two things. I am submitting my amendment to eliminate price supports effective as of January 1. If Congress in its wisdom does not wish to do that, let us repeal the law which provides that the surplus must be sold at 5 percent above the support price. If we are to have support prices, let us put the support prices on a basis which will be helpful to the farmer. If we are going to tax the taxpayer \$5 or \$6 billion a year, let us at least make certain that it is going to help the farmer. It is not helping the farmer at the moment. Farm prices are going lower and lower. I shall hand the amendment to the desk in a moment. I have already obtained unanimous consent to file it tonight.

The PRESIDING OFFICER. The amendment will be received and printed and will lie on the table.

Mr. HUMPHREY. Mr. President, I inquired from the distinguished Senator from Indiana as to his proposal, because it is so far reaching that I did not want to misunderstand its implications or its purpose.

I have known for some time that the policy of the administration has been to eliminate support prices. I believe that the Senator from Indiana, with his usual candor and frankness, has stated for us quite clearly what he believes to be the attitude of the Secretary of Agriculture and of the administration.

Mr. CAPEHART. Mr. President, will the Senator yield?

Mr. HUMPHREY. I yield.

Mr. CAPEHART. Let me say that I have not discussed the matter with Secretary Benson or the administration. I am submitting the amendment on my own initiative.

Mr. HUMPHREY. I understand.

Mr. CAPEHART. I have not discussed it with anyone. I have said—and I now repeat—that the Secretary of Agriculture has said that the present program is not working. He is recommending lower price supports. The President in his annual message said that the program is not working. I have not discussed the proposal I am making tonight with either the President or the Secretary of Agriculture.

Mr. HUMPHREY. I understand. I understand also that the Senator said he thought Mr. Benson would be in favor of it. He indicated quite frankly and honestly that the Secretary does recommend lower price supports.

Mr. CAPEHART. Mr. President, will the Senator yield?

Mr. HUMPHREY. I yield.

Mr. CAPEHART. I said I thought the Secretary would be for it because he has repeatedly said that what he is trying to do is to get the Government out of the farming business, to permit the farmers to grow what they please and when they wish and how they wish. He has repeatedly so stated. He has said it in every one of his speeches. For that reason, I think he might well be for that proposal.

Mr. HUMPHREY. Mr. President, the Senator from Indiana is always frank and candid. There is a wholesomeness in his presentation.

In reality, the Secretary of Agriculture wants to get the Government out of the farm business. But the Secretary of Agriculture also follows a program of getting the farmers out of the farm business. We are really going through quite a process of elimination. Let us be quite candid about it. Let us be as clear in the statements which we make on agricultural policy as the Senator from Indiana is clear and precise in his amendment.

The administration has its own farm program. In the first 2 years, the administration said it could not be held accountable for the accumulation of surpluses and the rise in the cost of the farm program because until 1954, according to the administration's spokesmen, the administration was allegedly burdened with the policies of the previous administration.

But in 1954 a farm policy or program was adopted—not with my help, I might add—which was along the lines of the administration's proposals. Flexible price supports were written into the law on the theory that if price supports were flexed down, it would be possible to control production. The theory was that if price supports were lower, crop production would be lower.

At that time the administration did not talk about getting the Government out of the farm price-support business. It talked about getting the Government out of the 90-percent price-support program. The administration then wanted a 75- to 90-percent ratio. That was granted. It was not granted happily, but reluctantly. Nevertheless, it was granted.

Two other farm bills have been passed by Congress. Both have been vetoed by the President. Twice Congress has had to pass legislation which met the requirements and the standards of the administration. The price-support program which is now on the statute books is the price-support program which was testified to by the Secretary of Agriculture and his assistants in the Committee on Agriculture and Forestry.

It is true that the Secretary is now before the committee asking that supports be lowered even further, despite the fact that with price supports on oats and rye at 60 to 65 percent of parity, the production of those commodities goes up instead of down; despite the fact that when the supports on corn are lowered, the production of corn goes up instead of down.

Mr. CAPEHART. Mr. President, will the Senator yield?

Mr. HUMPHREY. Not at the moment; I will yield later.

Despite a \$1.10 bushel guaranteed price on corn under the present price-support program, which this administration wanted, and which it propagandized a minimum number of farmers into accepting in a referendum, less than 20 percent of the farmers even voting, the prediction of the Department of Agriculture today is that the corn crop will be the largest in the Nation's history.

I thoroughly concur in some of the statements the Senator from Indiana







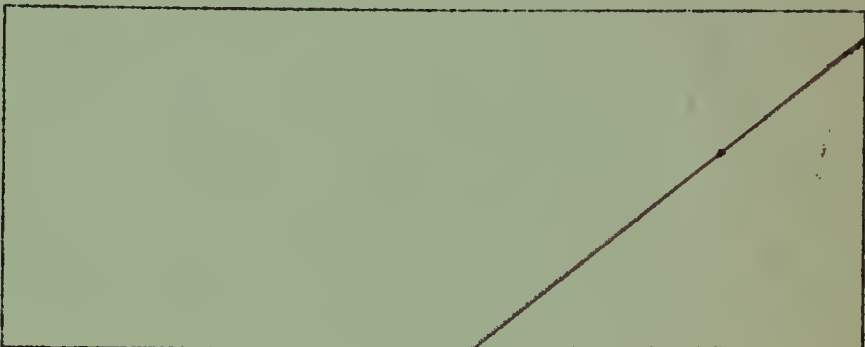
# Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF  
BUDGET AND FINANCE  
  
(For Department  
Staff Only)

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HIGHLIGHTS: Senate passed tobacco price support bill. Senate debated wheat bill. House committee voted to report wheat bill. Senate committee disapproved proposed amendments to wheat bill. House passed housing bill. House committee reported State-Justice appropriation bill. Senate committee reported Treasury-Post Office and D. C. appropriation bills. Sen. Muskie and others introduced and Sen. Muskie discussed bill to establish Commission on Intergovernmental Relations. Sen. Humphrey introduced and discussed bill to establish Country Life Commission.

SENATE

1. TOBACCO. Passed with amendment S. 1901, to modify price supports for tobacco. pp. 7863-74

Agreed to an amendment by Sen. Butler to strike from the first section of the bill "Agricultural Act of 1948" wherever it appears, and insert in lieu thereof "Agricultural Act of 1949." p. 7869

Sen. Jordan stated the purpose of the bill as follows:

"It provides that there shall be no increase in the dollars and cents level of price supports on most types of tobacco above the 1958 price support level until price support computed under old parity exceeds the 1958 dollars and cents level. It further provides that in the event the price support under old parity exceed 1958 supports, then the Secretary



shall choose between old parity or new parity in setting price supports, whichever is lower.

"The practical effect of the bill will be to prevent an increase of about 1 to 2 cents per pound in tobacco prices each year for the next 4 to 6 years."

2. WHEAT. Began debate on S. 1968, to revise price supports and acreage allotment for wheat. pp. 7874-6, 7890-2, 7922-3

Agreed to a unanimous-consent agreement by Sen. Johnson that beginning Friday, May 22, debate on any amendment, except the Capehart amendment in the nature of a substitute, shall be limited to one-half hour, and debate on final passage shall be limited to 3 hours. pp. 7890-2

The "Daily Digest" states that the Agriculture and Forestry Committee "held an executive session to consider proposed amendments to S. 1968, to strengthen the wheat marketing quota and price support program, which bill is now the Senate's unfinished business. The committee disapproved, by a vote of 6 to 10 a substitute bill which would have provided for a mandatory cut of 20 percent in wheat acreage allotments with a price support of 85 percent of parity. Committee also disapproved, by a vote of 7 to 9, proposed amendments which would have provided price supports of 75 percent of parity to producers planting full allotments, and 85 percent of parity to those producers reducing acreage allotments 20 percent or more." pp. D379-80

3. APPROPRIATIONS. The Appropriations Committee reported with amendments H. R. 5805, the Treasury-Post Office appropriation bill for 1960 (S. Rept. 305), and H. R. 5676, the D. C. appropriation bill for 1960 (S. Rept. 304). p. 7850

Agreed to a unanimous-consent request by Sen. Hayden to provide that, during adjournments or recesses of the Senate during the 1st session of the 86th Congress, the Appropriations Committee shall be authorized to report appropriation bills, including joint resolutions, with accompanying notices of motions to suspend paragraph 4 of rule 16 (which prohibits legislative provisions in appropriation bills) for the purpose of offering certain amendments to such bills or joint resolutions. p. 7856

4. NOMINATION. Received the nomination of Brooks Hays to be a member of the Tennessee Valley Authority Board. p. 7924

#### HOUSE

5. HOUSING. Passed, 261-160, with amendments S. 57, the housing bill. House conferees were appointed. pp. 7928-71, 7978-9

Agreed to a series of amendments to change the method of financing from the "backdoor" method of Treasury authorizations to direct Congressional appropriations. These amendments had been previously adopted by the Committee of the Whole (see Digest 81).

As passed, S. 57 includes provisions for farm housing research grants and housing for migratory farm labor through the insurance of the farm home loans made by private lenders.

6. WATERSHEDS. Received from the Agriculture Committee a letter announcing the approval of projects in Ala., Iowa, Tenn., and Utah under the Watershed Protection and Flood Prevention Act. p. 7927

7. APPROPRIATIONS. The Appropriations Committee reported without amendment H. R. 7343, the State, Justice, Judiciary, and related agencies appropriation bill for 1960 (H. Rept. 376). p. 7981



the conduct of elections is highly desirable in that these media provide a means for public information. We need to encourage the fair use of these media, which serve to better inform the citizenry on public issues.

Section 315 of the Communications Act of 1934 endeavored to chart the course for fair broadcasting behavior. It required broadcasters to afford fair and equal opportunities for all candidates to use a broadcasting station. Last February, in the *Lar Daly* case the FCC interpreted this section to mean that broadcasters must grant candidates equal time in newscasts—not merely on the candidate's political speeches. This decision has rightly met with considerable criticism from broadcasters and newspapermen alike.

Dr. Frank Stanton, president of the Columbia Broadcasting System, attacked the decision as "perhaps the most severely crippling decision ever to be handed down with regard to broadcast journalism." Dr. Stanton said the FCC ruling "attempts to substitute a ridiculous mathematical formula for the responsibility of news editors in handling the news of political campaigns."

Mr. Robert W. Sarnoff, chairman of the board of National Broadcasting Co., similarly warned:

The danger of Government intervention in the programing process is very real.

Editorial reaction has been equally critical.

At this point, Mr. President, I ask unanimous consent to have printed in the *RECORD* an editorial from the *Sioux Falls* (S. Dak.) *Argus Leader* of March 25, 1959, entitled "Absurd Restrictions on Newscasts."

There being no objection, the editorial was ordered to be printed in the *RECORD*, as follows:

#### ABSURD RESTRICTIONS ON NEWSCASTS

Television and radio stations are in a dither now over a recent ruling of the Federal Communications Commission granting equal time to political candidates on newscasts.

What is disturbing about the new ruling is its scope. It came in connection with an incident in Chicago. The city's mayor, a candidate for reelection, was depicted in a televised newscast while greeting a distinguished visitor at the airport. Another candidate for mayor contended he was entitled to equal time even though there was nothing in the airport newscast about politics or the election. The FCC ruled that he was.

The problem that this has imposed upon the radio and television stations in respect to news reports is obvious. If they present a governor performing some official act during a campaign, they are required to give equal time to all other candidates for governor.

The difficulty imposed herein can be brought close to home by considering the mayoralty campaign in Sioux Falls. If a television or radio station presents Mayor Fay Weldon giving an address of welcome to a convention, as he does frequently, they apparently are obligated to give similar time on the air to the three other candidates.

This problem was brought to the attention of President Eisenhower last week and he termed the FCC ruling "ridiculous." And so it is. Obviously radio and television stations will be grossly hampered in their presentation of the news if this ruling is to continue. There are frequently as many as

10 or 12 candidates for an office. In situations such as that the broadcasters and telecasters would be virtually forced to ignore news in which a certain official who is a candidate might be involved.

The basic point involved is the interpretation of the Federal law. The FCC says it is merely doing what the law says it must do. If so, most certainly the law should be changed. No such restriction should apply to the dissemination of news.

Mr. CASE of South Dakota. Mr. President, the president has termed section 315 "ridiculous." Mr. John Doerfer, Chairman of the FCC, has called for repeal of section 315. Attorney General Rogers' recent memorandum urged that the FCC reverse its equal time ruling in the *Lar Daly* case.

We pride ourselves on freedom of speech and press in this country. But a ruling which can indirectly inhibit the handling of news would be as injurious to a free press and free speech as censorship.

To require equal time for all candidates in the coverage of news is as absurd as requiring of a newspaper equal space to all candidates, including minor factions. It would make candidates the judges of news values; abuse would be inevitable.

An informed electorate is essential in democracy. Feeding the news to the public by a measuring spoon or regulating its quantity by a stopwatch is hardly the way to accomplish this desired objective. Rather, reporting of the news should be left to the discretion of the news media. News by stopwatch would be news by State control.

In our review of this important piece of legislation, I believe that we need to provide assurance that minority groups will be protected. The legislation which has been introduced to revise section 315 recognizes the minority groups with respect to candidates for the Office of President or Vice President of the United States. At the same time, the definitions set forth would not require that equal time be provided for mere publicity seekers who are not bona fide candidates, unless they represent a substantial number of supporters.

I have been concerned with the fact that the proposed legislation does not provide definitions of qualified candidates for State and local offices, including Members of Congress. However, I am assured that this matter is being given further study and that amendments will undoubtedly be offered in committee to cover this field.

I would not wish to see this legislation in anyway infringe upon the rights of legitimate fringe parties who have candidates for any office.

Another section of the bill to revise section 315 would free newscasts and similar type programs which are under the exclusive control of the broadcasting from the equal time requirement. Unless a change of this type is forthcoming, we may well see radio and television forced out of the business of covering political campaigns. This result would be unfortunate indeed for the American people and their right to be informed on public issues.

I hope that in our consideration of the legislation to revise section 315 we can thoroughly review this important subject and provide a sensible solution.

#### SUPPORT LEVEL FOR TOBACCO

Mr. JORDAN. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of the unfinished business, Senate bill 1901.

The PRESIDING OFFICER. The bill will be stated by title.

The LEGISLATIVE CLERK. The bill (S. 1901) to amend section 101(c) of the Agricultural Act of 1949 and the act of July 28, 1945, to stabilize and protect the level of support for tobacco.

The PRESIDING OFFICER. Is there objection to the request of the Senator from North Carolina?

There being no objection, the Senate resumed the consideration of the bill.

Mr. COOPER. Mr. President, I ask unanimous consent that Mr. Frank Ellis, assistant to the Honorable FRANK STUBBLEFIELD, Member of the House of Representatives from the First District of Kentucky, be accorded the privilege of the floor during the consideration of S. 1901. Mr. Ellis has worked on this proposed legislation in the House.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. JORDAN. Mr. President, there is an urgent need for the passage of the pending bill, S. 1901.

I say there is an urgent need for a number of reasons.

First of all, this year's tobacco crop has been planted, and farmers in the tobacco growing areas are anxious to know what the level of price supports will be on the 1959 crop.

The intent and purpose of S. 1901 are simple. This bill would prevent for an indefinite period further increases in tobacco prices—further increases which will occur unless the existing law is changed.

Without going into detail, I should like to point out how this proposed legislation came about.

For the past year growers, warehousemen, manufacturers, exporters, and others interested in tobacco have been concerned over steady increases in prices which have resulted from the use of modernized parity in computing price supports.

For some time it has been obvious that important export markets will be seriously endangered unless tobacco prices are stabilized.

As a result of the impending danger to exports, a group of leaders in the tobacco industry began a series of meetings last fall in an effort to work out a sound and reasonable solution to the problem.

It was a matter of stabilizing prices and regaining export markets, or of taking a sharp reduction in acreage.

It was agreed, after a conference with the Secretary of Agriculture, that the growers, warehousemen, manufacturers, and exporters themselves would take the lead in a movement to stabilize tobacco price supports.



I am certain that this willingness on the part of all segments of the tobacco industry played an important part in the decision the Secretary of Agriculture made to continue for 1959 the same marketing quotas which were in effect for tobacco in 1958.

Shortly after Congress convened in January, a bill, H.R. 5058, was introduced in the House of Representatives by Representative JENNINGS. At a hearing in February on this bill, no less than 17 tobacco organizations appeared before the House Subcommittee on Tobacco and supported it unanimously.

After the hearings the bill was slightly modified and approved by the House Committee on Agriculture. S. 1901 is identical to the amended version of H.R. 5058.

The effect of S. 1901 is simple. It provides that there shall be no increase in the dollars and cents level of price supports on most types of tobacco above the 1958 price support level until price support computed under old parity exceeds the 1958 dollars and cents level. It further provides that in the event the price support under old parity exceeds 1958 supports, then the Secretary shall choose between old parity or new parity in setting price supports, whichever is lower.

The practical effect of the bill will be to prevent an increase of about 1 to 2 cents per pound in tobacco prices each year for the next 4 to 6 years.

On a number of occasions, the Department of Agriculture has been asked to give its views on this proposed legislation. There have been several answers. In none of the answers, of which I am aware, is there outright disapproval. In some answers, the Department has said that the pending legislation would be a definite improvement over existing legislation.

The Department's report on S. 1901 was not received until yesterday morning. It is almost identical to other reports on the same legislation, with one exception. In preceding reports, the Department has said such proposed legislation represented an improvement over existing law. In the report yesterday, the Department says the bill does not go far enough.

I ask unanimous consent that a copy of the Department report received yesterday be printed in the RECORD.

There being no objection, the report was ordered to be printed in the RECORD, as follows:

MAY 19, 1959.

HON. ALLEN J. ELLENDER,  
Chairman, Senate Committee on Agriculture  
and Forestry, U.S. Senate.

DEAR SENATOR ELLENDER: This is in reply to your request for a report on S. 1901, a bill to amend section 101(c) of the Agricultural Act of 1949 and the act of July 28, 1945, to stabilize and protect the level of support for tobacco.

This bill provides that the level of price support for tobacco shall not exceed the 1958 crop support level until such time as 90 percent of parity computed in the manner used prior to the enactment of the Agricultural Act of 1948 exceeds the 1958 crop support level or 90 percent of parity computed as provided in the Agricultural Adjustment Act of 1938, as amended, and that thereafter the

support level shall be 90 percent of parity computed in the manner used prior to the enactment of the Agricultural Act of 1948, or computed as provided in the Agricultural Adjustment Act of 1938, as amended, whichever is lower. The bill excepts Connecticut Valley cigar binder types 51 and 52 for which parity was recently redetermined under section 301(c)(1)(F) of the Agricultural Adjustment Act of 1938, as amended, and also excludes those kinds of tobacco for which marketing quotas were not in effect in 1958, namely, Pennsylvania filler type 41 and Puerto Rican filler type 46.

We estimate that the index of prices paid by farmers would have to increase about 16 percent for Burley and 11 percent for flue-cured—our major export tobacco—before the old parity provision would go into effect and the freeze removed. The extent of the increase required on the various types of tobaccos is shown in the attached table.

The Department is convinced that the United States can produce competitively a quality of tobacco which cannot be duplicated anywhere else in the world, and that we should sincerely try to find some way to let our farmers produce it. Tobacco farmers have, under the present rigid program, been sacrificing their longtime best interests for possible temporary gains. At a time when world consumption of tobacco is increasing at the rate of 5 percent a year, our exports have been decreasing relatively at a rapid rate. Although it is generally recognized that the economy of the tobacco grower in many types of tobacco is heavily dependent upon exports, we continue to follow a course that is continuously shrinking our share of the world market.

We believe that the present price support program with its built-in system of constantly increasing support prices will, over the next 10 years cause us to lose most of our commercial export markets and force the domestic industry to 100 percent utilization of the tobacco leaf. While the proposed bill will eliminate or at least minimize the substantial increases in the support levels which otherwise will occur in the next few years under the present support system, we believe that the use of any measuring device for price support purposes which fails to take into account present day production technology, is most unwise. Unfortunately, both old parity and modernized parity rely heavily on price relationships which existed when farming was almost entirely a mule and plow, and a man and hoe, operation.

The Department feels that the tobacco program should be modified on a positive basis designed to achieve increased disappearance of U.S. tobacco with a corresponding opportunity for increased production and higher allotments. A proposal for a positive modification of the tobacco program was outlined in a memorandum dated January 19, 1959, from the Department to the President, as follows:

"Farmers who grow tobacco have been losing markets at home and abroad. As prices of U.S. tobacco increase, foreign buyers change their blends and turn to other sources of supply. They may never be induced to return to our markets. The present old laws result in price supports at continually rising levels. Acreages at home have been severely cut to low levels while acreage and production expand abroad.

"Legislation should be enacted to relate the support price to the market average or, if the parity formula as a basis for price supports is continued in use, to provide wide discretion in the level of supports.

"In addition, modifications of the control program may be in order. Tobacco growers have widely discussed the desirability of modifying the present control system. Their ideas of providing either a poundage quota or a poundage-acreage control have merit."

This bill fails to go far enough in correcting this situation for the following reasons:

1. It would freeze price supports for tobacco at current high levels, thus hampering efforts to expand markets and to curtail foreign production. Instead of such a freeze we need more discretion in setting the support level so that we can regain markets rigid supports have lost for tobacco.

2. It would put back into use a formula which previously was discarded by Congress because it resulted in unrealistic parity prices. Under the old formula parity price for tobacco is based on the level of prices in 1934-38 for flue-cured and Burley, and 1919-28 for other tobaccos, modified to the extent that prices paid by farmers have changed. Use of this base period some 20 to 30 years ago fails to recognize the changes which have occurred in farm technology since then, and the changes in intercommodity relationships. It was these shortcomings which led Congress to adopt a modernized parity which takes into consideration price relationship in a recent 10-year period.

3. It would result in a dual standard of parity prices. Since old parity is the lower of the two parities, it would be used for tobacco whereas new parity would be used for other commodities. If we are to use parity price as a standard for price support, we should use the same formula for all commodities.

4. It would continue to place tobacco growers at an advantage over producers of other crops. Currently, tobacco is the only price support commodity where the Secretary has no discretion in setting support levels. This level is and has been higher in terms of percent of parity than it has been for other crops where even under present law some discretion is permitted.

This bill, S. 1901, reflects a recognition of the soundness of the administration's position that the present program is destroying markets rather than building them.

This bill, S. 1901, reflects a recognition that the present law can only result in decreased allotments.

The Department feels that the bill is not adequate and that the administration's tobacco program outlined above is far better.

The Bureau of the Budget advised that there is no objection to the submission of this report.

Sincerely yours,

TRUE D. MORSE,  
Acting Secretary.

Increase in old parity for tobacco required before 90 percent of parity becomes effective support level under S. 1901

Tobacco types	1958 support level	90 percent of old parity May 1, 1959 <sup>1</sup>	Increase required in old parity before 90 percent of old parity becomes effective support level
	Per pound	Per pound	Percent
Flue-cured (11-14)-----	\$0.546	\$0.492	11.0
Burley (31)-----	.554	.478	15.9
Maryland (32)-----	.508	.412	23.3
Dark air-cured (35-36)-----	.345	.176	96.0
Virginia sun-cured (37)-----	.345	.237	45.6
Fire-cured (21)-----	.388	.249	55.8
Fire-cured (22-23)-----	.388	.217	78.8

<sup>1</sup> Computed in the manner used prior to the enactment of the Agricultural Act of 1948, with revised parity index.

Mr. JORDAN. Mr. President, I hope the Senate will pass the bill unanimously.

Mr. GORE. Mr. President, will the Senator yield?

Mr. JORDAN. I yield.

Mr. GORE. I express disappointment that the Senate Committee on Agricul-



ture and Forestry did not hold hearings with regard to a bill of this importance. I wonder if the Senator from North Carolina is able and willing to tell the junior Senator from Tennessee exactly how much lower the price support would be on the crop for 1959 under the provisions of the bill than it would be if the bill were not enacted into law?

Mr. JORDAN. From 1 to 2 cents.

Mr. GORE. From 1 to 2 cents per pound?

Mr. JORDAN. Yes.

Mr. GORE. Is that on Flue-cured or Burley?

Mr. JORDAN. The Flue-cured and the Burley vary a little.

There were extensive hearings held in the House of Representatives, which I and a number of others attended. Representatives of the Flue-cured and Burley segments of the industry were in attendance, and both segments of the industry were agreed on the bill. They were willing to take a small reduction in price in order to keep the price from going up, a process which is getting them into trouble in the foreign markets.

Mr. GORE. Is not the Senator concerned that the bill would provide for going back to the base period of 20 or 30 years ago for a yardstick on parity?

Mr. JORDAN. This bill, for all practical purposes, would freeze the price support at the 1958 level. It could not go back far enough to hurt the industry.

Mr. GORE. In effect it would freeze the support on an actual dollars-and-cents basis, would it not?

Mr. JORDAN. At the 1958 level.

Mr. GORE. Does that mean that the formula fixed in the bill would have little or no effect?

Mr. JORDAN. It would not have any effect for several years. Next year it can be changed if it works a hardship.

Mr. GORE. I have read the letter of the Secretary of Agriculture. I agree with something he says, and disagree with others. Is it correct that the bill, to the extent that a formula is used, would use a base period of 20 or 30 years ago?

Mr. JORDAN. That is correct—the old parity.

Mr. GORE. Is not that a rather sharp departure? If we are to have a parity formula, should it not be a moving parity formula, one more nearly commensurate with current conditions?

Mr. JORDAN. The trouble with the modernized parity formula which is now being used is that it is more of an escalator. Tobacco prices have been going up steadily every year, because of the new formula. Tobacco is becoming so high priced that we are rapidly losing our export markets. Unless we can export a large proportion of our tobacco, we shall be in serious trouble. The growers, warehousemen, and others agree that there will be another acreage cut unless action is taken. As the Senator knows, some of the growers have less than one acre. If a farmer has six-tenths of an acre or less, pretty soon he is going out of the tobacco business. It is felt that the bill will stabilize the price of tobacco, to the point where the growers can compete with tobacco produced

in other areas of the world, which is becoming a serious threat to the American crop.

Mr. GORE. So long as the cost of living remains reasonably constant, and the cost of production for the farmer does not greatly increase, the tobacco farmer can be reasonably satisfied, I take it, with a price support level frozen, as the bill provides, at the current level. Does the bill which the Senator advocates make any provision for an increase in the price support of flue-cured and other types of tobacco in the event that there should be an increase in the cost of production and in the cost of living?

Mr. JORDAN. As the old parity goes up, the price support will go up with it.

Mr. GORE. I understood the Senator to say, however, that the bill would freeze the price support level at the current dollar-and-cent level of last year's crop.

Mr. JORDAN. Of the 1958 crop.

Mr. GORE. How long would that apply?

Mr. JORDAN. Until the old parity catches up with it. We do not know how long that will be. It is below the 1958 crop level now. The old parity is considerably less, in dollars and cents, than the 1958 level. It could be 6 or 7 years before the old parity catches up with the 1958 level.

Mr. GORE. How would it catch up—by reason of an increase in the cost of the various items which go to make up parity?

Mr. JORDAN. An increase in the cost of whatever goes to make up parity. The Senator knows the items which are used in computing parity.

Mr. GORE. About how much would the cost of living be advanced before the old parity formula reached the level of the current price supports?

Mr. JORDAN. The Senator's guess on that is as good as mine. I do not know.

Mr. COOPER. Mr. President, will the Senator yield?

Mr. JORDAN. I yield.

Mr. COOPER. The testimony was that the costs of the things farmers buy would have to increase 11 percent before parity for flue-cured tobacco would reach the 1958 level. However, I believe the cost of things farmers buy would have to increase 16 percent in the case of burley before old parity would reach the 1958 level.

Mr. GORE. A 16-percent increase would represent quite a great deal of inflation. So practically speaking, the Senator from Kentucky would agree, I take it, with the statement that the Senator from North Carolina, that for practical purposes the bill would freeze price supports at the level of price supports for the 1958 crop.

Mr. COOPER. No; I would have to disagree with that. It is estimated that if the cost of living should continue to rise at the same rate as it has risen in the past, within a period of from 3 to 5 years old parity would catch up with the 1958 levels of tobacco supports, as they were determined under of modernized parity. At that point, assuming that both modernized parity and old parity continued to rise, the lower of the two

would prevail, and would fix the level of price supports.

Mr. GORE. I participated in the re-writing of the parity formula, as did the senior Senator from Kentucky, I believe. We thought we were doing the wise and the right thing at the time. Did we seriously err? Or have conditions changed so that we need to return to the formula which we discarded?

Mr. COOPER. The Senator from North Carolina [JORDAN] was the author of the bill. I remember very clearly when the parity formula was changed, in 1948. In 1949 the Anderson-Gore bill was passed, which reenacted the modernized parity formula of the 1948 law.

The Senator is familiar with the fact that the old parity concept was based upon the principle that the prices tobacco growers received for their tobacco must bear a strict relation to the cost of the goods and services they purchase. There are some 300 items of goods and services taken into consideration in fixing that relationship; and it was based upon a definite base period. The Senator will remember that in 1948, and again in 1949, the parity formula was changed to the so-called modernized parity.

In that formula two factors were introduced which did not obtain in the old parity formula. One was the factor of the continually advancing 10-year period. The base period is a 10-year period which advances yearly. The computation is based upon the average of that 10-year period. If there is a period of continually advancing prices, the effect is that the average automatically goes up on the price side, whether or not there is any advance on the cost side.

The second factor which was introduced into modernized parity was that the parity for any one commodity must bear a relationship to the parity for all other agricultural commodities.

These two new factors have had an influence in advancing the price of tobacco. They bear no relationship to the costs which farmers must pay. One of them is the continually moving base period. The average price during the base period can go up if the price in recent years is rising.

The second factor is that because parity for other farm commodities has decreased, the ratio has automatically caused the parity for tobacco to go up.

That situation, which bears no relation to the cost the farmer is paying, has brought about this steadily increasing and automatically advancing price support for tobacco. The farmer has welcomed it. I recall that when we wrote it into the bill in 1948, we did so because we were afraid that after the war there would be decreases, and we wanted to protect the farmer.

Now, tobacco farmers and their organizations have agreed that their prices are reasonable, and they prefer to have them stabilized at this point. That is the reason why my good friend from North Carolina, the author of the bill, has said that the farmers have proposed that price supports for tobacco be stabilized at the 1958 level. That level of support would be maintained,



as the Senator has so ably pointed out, until old parity catches up.

The reason old parity is written into the bill is that it would bring back into play the very principle the distinguished Senator from Tennessee [Mr. GORE] has mentioned—that is, consideration of costs borne by the farmer.

Mr. GORE. If the Senator from North Carolina will yield further, as I understand, it is proposed to bring the level into play, if need be, and if circumstances are sufficient to bring it automatically into play, for the purpose of giving the farmer some protection against the possibility of an inflationary rise in his own costs. Is that correct?

Mr. JORDAN. That is exactly correct.

Mr. GORE. To that extent I agree that it is good. I am hardly convinced by the explanation of the able Senator from Kentucky, that the factors which have brought about the increase in price supports are intrinsically bad. It seems to me that they have had the very purpose and the very effect of relating the price support on tobacco to the level of our national economy.

Mr. COOPER. I hope that Senator will strike from his remark any reference that I said it was bad. I did not say that.

Mr. GORE. I certainly did not intend to place the Senator from Kentucky in a false light.

Mr. COOPER. I merely pointed out that these factors in the new formula have caused this automatic advance, which tobacco growers believe has reached the point where the price should be stabilized.

Mr. GORE. I certainly did not wish to say anything other than what is desired by the Senator from Kentucky, in referring to what he said. They have had the effect which we intended they should have, and I believe it must be measured, as I understand both Senators to say, by its effect upon the export market.

Mr. JORDAN. Not only the export market, but the domestic market also. Tobacco is the only commodity which is carrying itself. It is not costing the Government any money. The Government does not store tobacco. The tobacco farmers—through their tobacco cooperatives—do that themselves. They naturally do not wish to create a great surplus.

Mr. GORE. I agree that the tobacco price support program has been the most successful part of the price support program.

Mr. JORDAN. Yes.

Mr. GORE. It has been so successful that it alone retains 90 percent of parity in price supports.

Mr. JORDAN. That is correct.

Mr. GORE. It has been so successful through farmer-owned and operated cooperatives that I wish to see it continued. I wish to do what is necessary to continue it. I am raising these questions with that intent and desire. I feel some concern that the bill would abandon for purposes of the export market, a modern parity formula, and substitute therefor a dollar-and-cents freeze. The

bill has the advantage, as the Senator has stated, of having in reserve, so to speak, the old parity formula, which will provide some protection for the farmer.

I thank the Senator for yielding to me so generously.

Mr. JORDAN. I wish to add to the very fine statement of the Senator from Tennessee that the growers and warehousemen and exporters are all in favor of the bill. They are thoroughly agreed on it. Not a single tobacco grower organization from any State which produces tobacco was against it. They were all in favor of it.

Mr. GORE. I have a telegram from the American Farm Bureau Federation expressing concern about the bill.

Mr. JORDAN. That is the national organization. That is not the State organization in Georgia or North Carolina or South Carolina or Alabama or Kentucky or Virginia. Also every one of the tobacco farm organizations was represented, and every one of them was in favor of the bill. The bill was written at their request. It passed through the Committee on Agriculture of the House after hearings were held on it. However, the chairman of the Committee on Agriculture of the House, when there was some indication that the farmers did not understand the bill, and perhaps were not in favor of it, went to the various areas. I know he came to North Carolina. He called group meetings to explain the bill to the farmers. The farmers all said, "Yes; we are for it. That is what we want."

Mr. GORE. Is the Senator from North Carolina suggesting that if we must make a choice between the North Carolina organization and the national organization, he will look to his home State organization?

Mr. JORDAN. I have usually taken that attitude on various questions.

Mr. COOPER. Mr. President, I rise to speak in support of S. 1901. It was introduced by the distinguished Senator from North Carolina [Mr. JORDAN], and has been reported to the Senate by the Committee on Agriculture and Forestry, without a dissenting vote. I am very appreciative of the fact that the Senator from North Carolina asked me to join with him in sponsoring the bill. I assume he did so because of my interest in tobacco, and because my State of Kentucky is the largest producer of burley tobacco in the Nation, as the State of North Carolina is the largest producer of flue-cured tobacco.

I do not wish to take the time of the Senate to discuss the bill at length. However, because of question which have been raised about the bill, and the apparent misunderstanding on the part of at least some Members of the Senate about its purposes, I wish to take this opportunity to make a record on the bill, in the hope that it will be helpful to Members of the Senate, and helpful in the proceedings which will take place in the House.

As my colleague from North Carolina has said, the pending bill is identical to H.R. 5058, sponsored by Representative W. PAT JENNINGS, of Virginia, which has been reported to the House by the House Committee on Agriculture by an over-

whelming majority. I believe there was only one vote against it in the House committee.

I must say frankly that this bill is opposed, as has been stated by the Senator from Tennessee [Mr. GORE], by the American Farm Bureau Federation, or at least by a majority of the directors of the national Farm Bureau organization. To my surprise, I understand that the Secretary of Agriculture has today sent a special message to the chairman of the committee voicing opposition to the passage of the pending bill.

As against this opposition, I point out that during the extensive hearings held by the House Committee on Agriculture representatives of tobacco growers, farm organizations, and tobacco cooperatives and associations in the major tobacco-producing States—States producing burley, flue-cured, dark-fired, dark air-cured, and sun-cured tobacco—testified in support of the bill.

I can say to the Senate that tobacco growers, tobacco warehousemen, tobacco dealers, tobacco export associations—and also the State farm bureau federations in the six major tobacco-growing States, which produce more than 80 percent of all U.S. leaf—support this bill.

Mr. President, I ask unanimous consent to have printed at this point in the RECORD a list of the organizations which support the bill. They are 35 in number, and include farm organizations representing tobacco growers in Kentucky, Tennessee, South Carolina, Georgia, Virginia, North Carolina, Wisconsin, Ohio, and Maryland.

There being no objection, the list was ordered to be printed in the RECORD, as follows:

#### ORGANIZATIONS SUPPORTING TOBACCO BILL

Interstate organizations: Burley and Dark Leaf Tobacco Export Association, Burley Auction Warehouse Association, Bright Belt Warehouse Association, Tobacco Associates, Flue-Cured Tobacco Cooperative Stabilization Corp., National Grange, National Farmers Union, Burley Leaf Tobacco Dealers Association, Leaf Tobacco Exporters Association, Plant Food Institute of North Carolina and Virginia, Association of Dark Tobacco Dealers and Exporters, Conn-Mass Tobacco Cooperative, Inc., National Cigar Leaf Tobacco Association.

Kentucky: Kentucky Farm Bureau, Burley Tobacco Growers Cooperative Association, Western Dark-Fire-Cured Tobacco Growers Association, Stemming District Tobacco Association.

Tennessee: Burley Stabilization Cooperative, Eastern Dark-Fire-Cured Tobacco Growers Association.

South Carolina: South Carolina Farm Bureau, South Carolina Grange, South Carolina Tobacco Warehouse Association.

Georgia: Georgia Farm Bureau.

Virginia: Virginia Farm Bureau, Virginia Farmers Union, Virginia Burley Tobacco Growers Association.

North Carolina: Farmers Federal Cooperative, North Carolina Grange, North Carolina Farm Bureau.

Wisconsin: Northern Wisconsin Cooperative Tobacco Pool, Inc., Wisconsin Tobacco Growers Association.

Ohio: Cigar Tobacco Cooperative.

Maryland: Maryland Tobacco Cooperative, Maryland Farm Bureau.

New York: Leaf Tobacco Board of Trade, New York City.

Mr. COOPER. Mr. President, I also ask unanimous consent to have printed



at this point in the RECORD, a statement of the total amount of tobacco produced in the 1958 crop by six of the States mentioned in the list. The table indicates that these States produced almost 85 percent of all tobacco grown in the United States. The tobacco growers in these States support the bill.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

*Total tobacco produced, by selected States, 1958 crop*

State	Number of allotments	Harvested (acres)	Production (thousands of pounds)
Kentucky.....	175,147	220,200	326,348
North Carolina.....	139,642	438,300	755,455
South Carolina.....	27,127	76,000	131,100
Virginia.....	50,724	83,600	137,678
Georgia.....	28,842	59,100	91,018
Maryland.....	6,852	34,000	31,450
Total, 6 States.....	428,334	911,200	1,473,049
Percent of tobacco produced by 6 States of the United States.....	173.9	84.6	84.8
U.S. total.....	579,964	1,077,600	1,736,204

<sup>1</sup> Growers.

Mr. COOPER. Mr. President, before I speak about the purposes of the bill, I should say that I do not believe the opposition to the bill could be based upon the single and clear purpose of the bill itself, which is to limit the automatic and artificial yearly advance in the level of support prices for tobacco. If the opposition is for any other reason—if it is opposition against the tobacco program itself, or against the 90 percent price supports which burley and Flue-cured tobacco have enjoyed for years—I do not believe that such opposition is relevant or is supported by the facts.

I myself have supported the existing tobacco program for tobacco growers, including the principle of support prices based on 90 percent parity, for that program has worked well.

In my remarks today, I shall explain the purpose of the bill, which is designed to protect that tobacco program. I shall also explain the reasons upon which the tobacco program rests. It has been the most effective farm program in the United States—for tobacco farmers, for the tobacco industry, and for the protection of the Government itself and the taxpayers, with respect to program costs and the revenue produced by tobacco.

The bill would amend section 101(c) of the Agricultural Act of 1949, which is itself an amendment of the Agricultural Acts of 1938 and 1948.

What is its purpose? The reports of both the House and Senate Committees on Agriculture describe it briefly as an amendment "to stabilize and protect the level of support for tobacco." I believe that is a very good short description.

But specifically, as the Senator from North Carolina [Mr. JORDAN] has said, the bill provides that the 1958 level of price support in dollars and cents—for example, 55.4 cents a pound for burley, determined by the so-called modernized parity formula—shall remain in effect, and shall not be increased until such time as the level of price supports determined

by old parity catches up with the 1958 level of price supports. After that time, the level of tobacco supports would be based on the lower of the two computations, whether under old or modernized parity.

The House report estimated that it would be from 3 to 5 years before old parity supports would equal the 1958 dollar-and-cent level of supports. So we can assume that support levels would remain stabilized at last year's level for at least that period—from 3 to 5 years. They could remain stabilized after that time, if the cost of the things which farmers must buy does not continue to advance.

I would like to comment on the differences between modernized parity, enacted by Congress in 1948 and reenacted in 1949, and old parity, which was established under the Agricultural Adjustment Act of 1938, and which prevailed until January 1, 1950.

Perhaps the simplest explanation is that old parity is a formula under which the prices a grower receives for his tobacco bear relationship only to the cost of some 300 products and services he must buy. Modernized parity introduces two additional factors. One is the average price over a constantly moving 10-year period. The second is that the level of prices for all other agricultural commodities is taken into consideration. These factors have no direct relation to the costs a farmer must bear.

The consequence of the modernized parity formula as applied to tobacco has been a steadily advancing level of price supports without relation to costs.

I point out again, as I did a few minutes ago in my colloquy with the Senator from Tennessee [Mr. GORE], that when the modernized formula was written into law, we sought to give assurance that there would not be the great drops in farm prices which occurred after World War I. We were looking to the point of protecting tobacco farmers in the years which were ahead. But it is a fact that the modernized formula, at least with respect to tobacco, has placed tobacco in difficulty, competitively, with the growing volume of foreign-produced tobacco. It could adversely affect the market and sales for tobacco in the United States. If this should occur, it could increase the Government's investment in crop-support loans, and could lead to acreage reductions for tobacco growers. I think we will all agree that tobacco growers cannot stand further cuts in their acreage allotments.

So the bill represents the initiative and voluntary action of tobacco growers and the tobacco industry to avoid these consequences—to prevent artificial increases in support levels, and to improve the competitive position of U.S. tobacco at home as well as abroad.

Failure to enact S. 1901 could result in the accumulation of surpluses by the Government, and in unnecessary cost to the Government and taxpayers. I know this is a matter of interest to Congress, and it should lead to the enactment of the bill.

But essentially—and I emphasize this point—the bill is for the benefit of the tobacco growers. Its purpose is to

maintain and protect their tobacco program, to maintain tobacco supports at 90 percent of parity, to encourage stable tobacco supplies and orderly marketing with a view toward maintaining tobacco's competitive position in domestic and world markets, and to prevent further drastic cuts in acreage allotments, something which tobacco farmers cannot stand.

It seems strange that opposition has developed to the bill sponsored by the States which grow tobacco, since it represents a voluntary effort on the part of tobacco growers and their organizations to improve and save their tobacco programs, and to check rising support prices which do not bear relation to the cost of things farmers must buy.

I have a high regard for the American Farm Bureau, having known throughout the years the members and leaders of the Kentucky Farm Bureau, and having supported their programs. The Kentucky Farm Bureau supports this bill. But the American Farm Bureau's opposition, if successful, would result in higher support prices for tobacco than tobacco growers themselves believe in their best interest.

And I think the opposition of the American Farm Bureau is inconsistent with its action toward other farm crops. The American Farm Bureau has advocated and supported legislation representing the judgment and the decisions of growers of other agricultural commodities—notably corn, cotton, and wool—as to the kind of program that is best for them.

Why, I ask, does not the American Farm Bureau accord the same consideration to, and have the same confidence in, the view of the overwhelming majority of tobacco growers that the existing tobacco program is best for them? That is their almost unanimous sentiment.

If, as I have suggested, any opposition to Senate bill 1901 is based upon opposition to the principle of a price-support program for tobacco, and particularly upon opposition to 90 percent of parity supports, or upon opposition to the concept of any price supports based on parity, such opposition is not relevant to this bill. As the Senate knows, support prices at 90 percent of parity for Burley and Flue-cured tobacco, and support for other types, have been in effect for years. Senate bill 1901 does not change this law—that is, price supports for Flue-cured and Burley tobacco at 90 percent of parity. Furthermore, this bill would return the tobacco program in time to the original concept of parity—that is, the relationship of the price the farmer receives for his tobacco to the prices of the materials and services he must purchase, in contrast to so-called modernized parity, which, as I have said, has certain artificial characteristics, and under which prices may rise, even though farmers' costs do not rise.

Today, I shall not elaborate on all of the reasons supporting the parity concept and full 90-percent supports for tobacco. In previous speeches in the Senate, I have set forth in detail those



reasons. But I shall emphasize the reason which makes the parity concept still applicable to tobacco, by saying that it still takes approximately the same amount of hand labor to reduce tobacco that it did 25 years ago. With respect to feed growers, five times as much grain can now be produced with the same amount of labor.

A second basic reason is that tobacco has no open market such as other agricultural commodities enjoy. The uses of tobacco are limited. It must be sold to a dozen major tobacco companies and a handful of foreign buyers. If they do not buy, the farmer has no market for his cash crop, and his year's work is lost.

It has been proven by experience that the price paid by tobacco buyers for farmers' leaf tobacco is largely determined by the support price; the support price provides a floor which effectively protects the price of all cigarette leaf tobacco sold. The price paid the farmer for his tobacco is a comparatively small share of the price consumers pay, and the retail price paid for tobacco products bears little or no relationship to the support price for tobacco. The price paid farmers is a small share of the ultimate price of tobacco, and deserves protection.

A 90-percent price support for tobacco was enacted as a temporary program during World War II. When 90-percent supports were about to expire in 1948, I submitted, together with the late Senator Barkley, of Kentucky, the amendment—which was adopted by the Congress—which made 90 percent of parity supports for tobacco a permanent feature of law—or at least until Congress decides otherwise.

I speak now of another controlling argument. The present tobacco program, with price support at 90 percent of parity and strict production controls to match, has worked—as proven by the fact that nearly 100 percent of the tobacco farmers of the United States approve it, and have kept it sound and self-supporting.

Tobacco producers, cooperatives, and farm organizations have taken the lead in regulating and improving their own progress. The results can be quickly summarized; and in that connection I make the following points:

First, in the case of nearly every price-supported crop except tobacco, surpluses have continued to build up despite the best efforts of the Congress and the Department of Agriculture to control and dispose of surplus production. Record surpluses have increased year after year, despite the soil bank, efforts to cut prices, and enormous export and disposal programs—operated at great cost to the Government. And a record all-time high in crop production, except for tobacco, is forecast for this year.

In sharp contrast, however, to other farm products and other programs, Burley tobacco growers have reduced Burley tobacco supplies for 4 consecutive years. Under their program, stable marketing unknown in other programs has been achieved. I know of no other farm commodity which in any period for which

I have figures has succeeded in reducing its surplus in 4 consecutive years. Current Burley tobacco production is actually below the 1952 and 1956 5-year average. Similarly, growers of the other major cigarette type, Flue-cured, or bright leaf tobacco, have reduced tobacco supplies and have kept production under disappearance or consumption for the last 2 years. Such an achievement is almost unprecedented in these times.

Second, at least in regard to Burley tobacco, the reduction of production below consumption has resulted in an orderly disposal of the surplus from the 1954 crop. Since 1955, Burley stocks have been reduced 70 million pounds.

A third measure of the success of the tobacco program may be determined by reviewing the amount of tobacco which must be handled under price support—for, once price objectives have been reached for growers, it is highly desirable that as much as possible of the crop move into use through normal channels of trade. Support operations are designed to take price-depressing surpluses off the market; but the better the program operates, the smaller the surplus with which it must deal.

In the last 4 years less burley tobacco has been taken under Government loan than in any period since World War II. Only 5½ percent of the burley tobacco produced since the record crop of 1954 and the consequent sharp cut in acreage at that time, has required price support. In 1956, 1957 and 1958, price-support loans were made on the remarkably small amounts of 1.2, 3.4, and 2.4 percent, respectively, of burley tobacco production—or an average of 2 percent of the crop taken under loan. That does not indicate an excess of supply.

Furthermore, even the burley tobacco which went under loan and was added to pool stocks was offset many times over by larger sales of pool stocks.

I make a fourth point in support of the tobacco program: Department of Agriculture figures show tobacco to be the only price-supported commodity for which the Commodity Credit Corporation has realized a 100 percent rate of recovery on its investment. In this connection, I quote for the RECORD an analysis of tobacco program results from October 1933, to March 1959:

The March 31 "Report of Financial Conditions and Operations of the Commodity Credit Corporation" shows tobacco price-support program losses of \$4.4 million and supply program gains of \$4.8 million, or a net gain of \$400,000 to the Commodity Credit Corporation in tobacco program operations during this 25-year period.

This tobacco program has demonstrated a record of minimum price-support activity; reductions in surplus stocks; surplus disposal with full returns to the Government, plus interest, without losses; dependable tobacco supplies for the domestic and export trades; and good prices for farmers unparalleled by those of any other farm commodity.

In his agricultural message to Congress on January 11, 1954, the President said:

Each farm crop has its own problems, and these problems require specific treatment.

In regard to tobacco, the President stated:

Tobacco farmers have demonstrated their ability to hold production in line with demand at the supported price without loss to the Government. The relatively small acreage of tobacco and the limited areas to which it is adapted have made production control easier than for other crops. The level of support to cooperators is 90 percent of the parity price in any year in which marketing quotas are in effect. It is recommended that the tobacco program be continued in its present form.

I know—and I know this personally, because I have talked about it many times with the Secretary of Agriculture—that the President's recommendation was made with the knowledge and the approval of the Secretary of Agriculture. I submit that nothing has occurred since 1954 to change the validity and truth of that declaration.

In closing, I point out that this bill will have the twin effect of providing a stable source of tobacco, without reduction in fair prices for farmers; and it will also encourage buyers, foreign and domestic, of tobacco to continue, and even increase, their purchases, because it will result in greater assurance of stabilized and competitive prices in future years.

A vote against this bill will be a vote for supports at a higher level than the growers themselves consider to be in their best interests.

This bill has the solid support of tobacco growers and all their organizations. I urge that the Senate pass it unanimously. I hope the House will soon pass it, and that it will become law.

I thank my colleague, the Senator from North Carolina, for his courtesy.

Mr. KEFAUVER. Mr. President, Senate bill 1901 would amend section 101(c) of the Agriculture Act of 1949. This section is an amendment of the Agriculture Acts of 1938 and 1948. Senate bill 1901 is supported and strongly advocated by tobacco producers. It represents a voluntary action on the part of tobacco producers to hold down support prices.

The modernized parity formula which would be utilized in the absence of enactment of this bill is unrealistically tied to costs and supports of other commodities. This bill will prevent the use of the modernized parity formula from resulting in a distortion of the support price, and will keep the price of tobacco from going too high, and will prevent tobacco becoming noncompetitive and unsalable.

The pending bill provides the following formula: The support price will be either the 1958 level or 90 percent of new parity, whichever is lower, until 90 percent of old parity exceeds either of these levels. Old parity refers to parity existing prior to the 1948 bill.

From here on, the support price will be 90 percent of the old or new, whichever is lower.

The tobacco program, unlike many other farm programs, has been successful. It has a record of minimum price-support activity; reductions in surplus; full returns, plus interest, to the Government on surplus disposal; dependable supplies for the domestic and export trades; and good, respectable prices for



tobacco farmers. This bill will allow continuance of this program and this record. I urge the Senate to pass the bill.

Mr. BUTLER. Mr. President, I call up my amendment identified as "5-20-59—A," and ask that it be stated for the information of the Senate.

The PRESIDING OFFICER. The amendment offered by the Senator from Maryland will be stated.

The LEGISLATIVE CLERK. It is proposed in the first section of the bill to strike out "Agricultural Act of 1948" wherever it appears therein, and insert in lieu thereof "Agricultural Act of 1949".

Mr. JORDAN. Mr. President, I accept the amendment as a technical correction of the bill.

Mr. BUTLER. Mr. President, is it in order to have a vote on the amendment, or is the acceptance of the amendment sufficient?

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Maryland [Mr. BUTLER].

The amendment was agreed to.

Mr. JORDAN. Mr. President, the distinguished Senator from Virginia [Mr. ROBERTSON] asked me to say for him, because he could not be here at this time, that the Farm Bureau of Virginia and the Farmers Union of Virginia have unanimously requested that this bill be passed. He asked me to state for him that he would make that statement if he were present, and that he would vote for the bill. His people in Virginia are unanimously behind the passage of the bill.

Mr. President, I wish to read from the report a line or two Secretary Benson transmitted to the House Committee:

This proposal is superior to the present legislation in that it prevents further price support increases for some time. However, the department feels that the bill is not adequate and the Administration's tobacco program outlined above is far better.

But the Secretary has not offered anything better; and if the present law is not amended by this bill, tobacco prices are going to continue to go up and the farmers are going to price themselves out of business, or seriously damage themselves.

Mr. President, this is the only group of farmers I have ever seen come before a committee of Congress and unanimously ask that the Congress do something to cut prices. That is certainly unusual, but I think they realize if prices are not stabilized at about their present levels, the farmers will lose much of their market.

Mr. ELLENDER. Mr. President, will the Senator yield?

Mr. JORDAN. I yield.

Mr. ELLENDER. I wish to say that the Committee on Agriculture and Forestry reported the bill unanimously. All Senators present voted favorably.

I desire to read one paragraph from the report by the Secretary of Agriculture to the House committee. The letter is dated March 10, 1959, and is addressed to Hon. HAROLD D. COOLEY. It states, in part:

This proposal is superior to the present legislation in that it prevents further price

support increases for some time. However, the Department feels that the bill is not adequate and the administration's tobacco program outlined above is far better.

But it is my belief, as my good friend from North Carolina has just stated, that this bill is a step in the right direction, in that it freezes the support price and will not permit it to go higher than it was in 1958, until the parity index rises 11 percent in the case of Flue-cured and 16 percent in the case of Burley tobacco.

Running true to form, the administration, through Mr. Benson, seems to take the position that if they cannot get what they want, they do not want any bill at all. But I think it is a wrong attitude.

I send to the desk a letter I have just received from Mr. Benson, indicating his opposition to the bill, and I ask unanimous consent that it be printed in connection with my remarks.

There being no objection, the letter was ordered to be printed in the Record, as follows:

THE SECRETARY OF AGRICULTURE,  
Washington, May 21, 1959.

HON. ALLEN J. ELLENDER,  
U.S. Senate.

DEAR SENATOR ELLENDER: Inquiries to the Department indicates there is some doubt as to whether or not the Department favors passage of S. 1901 concerning tobacco price supports.

In order to further clarify our position it should be understood that in our view the bill is inadequate. It will not accomplish the adjustment needed to regain lost markets and preserve existing ones. Therefore, the bill in its present form should not pass.

Sincerely yours,

E. T. BENSON,  
Secretary.

Mr. HOLLAND. Mr. President, I suspect that Senators are correct in their statements that this is the best that can be done under the prevailing situation. I am not sure that is the case, but certainly the pending bill will prevent the support prices of both flue-cured tobacco and burley tobacco, the principal varieties which are in trouble, from going up slightly under the present law, as they will this year unless this bill is passed.

My understanding is that there will be an increase in the support price of between 1 cent and 2 cents a pound, which must be announced under the present law, unless this bill is passed. So far as that objective goes, I think the bill is good, because it is very apparent that the prices at which we have been selling tobacco have been such that we are losing foreign markets.

Mr. President, I should hate to see the tobacco industry fall into the fearful condition into which the cotton industry has fallen, as was recognized by the passage of the remedial legislation last year, and which will have to be improved before we find a permanent solution. Yet that is the direction in which we are going.

Mr. President, I wish that the bill went a good deal further. I share the feeling expressed by the Under Secretary of Agriculture in his letter, to the effect that this proposed legislation does not go far enough, because it is a lamentable

fact that we have lost markets under the price supports of last year, which will be continued indefinitely under the provisions of this bill. So it must be clearly apparent that the mere continuation of price supports at that level simply prevents the situation from becoming worse, but does not apply any affirmative approach to the problem.

Mr. President, one of the things which it seems to me is faulty about this bill is that it proposes to give effect at the same time to old parity and to modern parity, and to strike them off as against each other with reference to tobacco, and to take from the two a choice which is made by the provisions of the bill, for an indeterminate time in the future.

Mr. President, if parity is just, and if there is justice in applying it to other basic crops, I think there should be justice in applying it on a fixed basis to this crop. I think it will be very hard to defend and explain why there should be continued this double approach in the case of this one basic crop only.

I think the worst feature of the bill is that it recognizes the fact that the Secretary of Agriculture must cut down acreage allotments, and doing that sounds the death knell to some tens of thousands—and really the numbers might go up to as high as several hundred thousand—of small farmers who produce tobacco on acreages now in the neighborhood of 1 acre, and many of them less than 1 acre. My recollection is that when I saw the burley tobacco figures for the two States of Tennessee and Kentucky a short while ago, they showed an average acreage of about an acre, with something like, to the best of my recollection, 200,000 producers in Tennessee, and I forget the number in Kentucky.

Mr. President, it is tragic to cut the acreage of those very modest farmers for whom the production of tobacco is a family enterprise, since the entire membership of the family works at it, and for whom tobacco is the principal cash crop.

The only alternative left to the Secretary of Agriculture and to the tobacco producers, unless a bill such as is before the Senate is enacted into law, is a forced and sizable reduction of acreage.

Mr. COOPER. Mr. President, will the Senator yield?

Mr. HOLLAND. I have one more point to make and I shall be through, and then I shall be glad to yield.

Mr. President, it would be far from wise, it seems to me, to retain the old measure of parity, the old standard, even if the production of tobacco today were on a level with production in the old years when that was the legal formula prescribed.

Under the improved methods of production the average crop per acre has gone up, up, and up, and is continuing to rise. To me it is completely unrealistic to reach back into the remote past and to attempt to use a standard of computation of parity which was enacted to deal with conditions prevailing a long time ago.

Mr. President, the only thing good about the bill that I can see is the fixa-



tion of a price or a ceiling or a frozen support price for tobacco for this year and perhaps for next year. I would much prefer to have the bill limited to that. If it were so limited, I think the bill would be much more defensible than it is now.

If the Congress continues to move without recognizing the fact that tobacco is losing its markets overseas, thus cutting itself out of a substantial part of its outlet, we are going to find more and more misery in the tobacco industry and less and less realism in the law as it applies to the industry.

I now yield to the Senator from Kentucky.

Mr. COOPER. Mr. President, I appreciate the friendly attitude of the Senator from Florida toward the tobacco growers and their problems.

I understood the Senator to say that as one consequence of this bill he foresaw a reduction in tobacco acreage. I should like to point out that one of the purposes of the bill is to prevent reductions in tobacco acreage and in individual tobacco acreage allotments. It is believed the bill will have an effect in that direction.

As I said before, in each of the past 2 years for Flue-cured tobacco, and in each of the past 4 years for burley tobacco, actual production has been less than disappearance—that is, domestic consumption plus exports.

Mr. HOLLAND. Mr. President, I certainly recognize the highly conscientious motives of the Senator from Kentucky. The Senator and I stood together in 1948 on the Senate floor in fighting for a realistic tobacco program. I think the Senator will find, if he checks the vote, that the votes of the two Senators from Florida were the determining factor on the question of securing a preferred status for tobacco under the price support program, a status to which I think it is entitled because of its peculiar situation in many respects, which we do not need to mention at this time. That has been consistently my position since that time. My voice has been raised in support of that philosophy always. I hope it will continue to be so raised.

The point I am making is that I do not think this bill represents a realistic approach to the problems of the tobacco industry in any particular except the freeze for about 2 years. If I allowed my vote to be an indication of my approval of all the other provisions of the bill, I would certainly not be doing the fair thing to myself or to the growers of my State, who are in doubt about the other provisions of the bill. As a matter of fact, the president of the Farm Bureau of my State has been in touch with me insistently suggesting that we should amend the bill to make it provide only for a 2-year price freeze.

We should let it be distinctly understood throughout this debate, in the reports, and in the conference report and every other place, that this is a stopgap measure, recognizing the fact that the red signals are out, and that we have to improve the program as a whole or it will fall under its own weight.

Mr. JORDAN. Mr. President, I wish to say, in that connection, that the to-

bacco industry—the warehousemen, the growers, and others interested in tobacco realize this is not a perfect bill. The tobacco industry knows that and is working on the problem. Efforts are being made to bring forth something which would cure the ills, or at least prevent them from becoming worse than they are. The tobacco industry is really not in bad shape at present, but it may be soon unless something is done. I am sure it will be possible to devise a more effective approach, but this is the answer for now, and for next year.

We need to pass the bill presently under consideration so that the buyers will know what they should pay for tobacco and the growers what they should sell it for. Otherwise, the market will be confused.

Mr. HOLLAND. Mr. President, I appreciate the serious, sincere, and conscientious approach of the Senator from North Carolina. I only suggest that, in my opinion, it is a mistake to provide a permanent law—and that is what the bill will become—under the wording, as introduced—and to try to continue the two standards of computation of parity, which are not the same and which contrast with each other. I do not believe we should provide that from time to time there shall be a choice or selection, in the case of this one basic commodity, between those two standards. I think every one of us who speaks upon this measure, which is an important measure, should sound a challenge to the industry and to those who are best prepared to guide it, to come forward with something a great deal more meaningful than is the bill now before us.

This bill would stop the support price from increasing further, but it would stop it at a level which has already priced us out of a large part of our foreign markets. I think that is completely unrealistic.

I thank the distinguished Senator.

Mr. ERVIN. Mr. President, will the Senator yield?

Mr. JORDAN. I yield to my distinguished colleague from North Carolina.

Mr. ERVIN. I merely want to commend my able and distinguished colleague and the able and distinguished Senator from Kentucky [Mr. COOPER] for the work they have done in regard to the bill. While the bill is not a perfect measure, it is, it seems to me, a very sensible bill, in view of the conditions which now exist. I thank these two Senators in particular and the other Senators who have supported them in their efforts in the Committee on Agriculture and Forestry, for they all deserve praise for the great work they have done.

Mr. JORDAN. I thank the senior Senator from North Carolina.

Mr. AIKEN. Mr. President, I wish to say that the objectives of the bill are very, very good. No one will question that.

The United States at one time was the world's principal supplier of tobacco. Even up until recent years, 50 percent of our tobacco production was exported. However, during the past few years, though the consumption of tobacco in the world has been increasing at the rate of about 5 percent a year, exports

from the United States have been falling off rather rapidly. The tobacco business of the world has been moving to other continents. The reason for that, of course, is the price.

The tobacco growers have realized for some time that they have a difficult future to face. They realize they cannot go on reducing allotments without creating trouble for many thousands of them, as the Senator from Florida has said.

The bill purports to hold the support price for tobacco at not more than its present level. There is some disagreement as to the best means of achieving this end. Personally, I doubt if holding the support price at the present level, or approximately at the present level, would do very much toward recovering world markets, because tobacco can be produced for so much less in other countries. However, to have the support price go higher would undoubtedly be very harmful to the entire tobacco industry.

I am glad that some move has been made toward correcting the situation. Whether it is exactly the right move or not, I hope that we shall continue to face the problem until we improve upon the present situation, and enable our tobacco industry to take steps to recover some of its traditional markets, which will be difficult, at best.

Some reference has been made to a misunderstanding about the bill. I think the reference applies to the fact that there was a feeling among many Members of Congress—even members of the Committee on Agriculture and Forestry—that if the Department of Agriculture did not actually favor the bill, it was not strongly opposed to it. At least, I had that feeling at the time the bill was reported from the committee.

However, I have received a call from the Secretary of Agriculture, stating that the Department is opposed to the bill in its present form, for the reason that it seeks to achieve the objective by permitting tobacco to go back to the old parity formula, with its varied base periods. The base period in each case would be the one which was most favorable to each particular type of tobacco. The Department of Agriculture seems to feel that this would give privileges to the producers of tobacco which would be denied to the producers of other price-supported commodities. It was the varying base periods for different commodities which outmoded the old parity formula in the first place, and brought about the adoption of a new parity formula in the year 1948.

I think the new parity formula is very fair to tobacco. It raises the price. When we consider the cost of production in the United States, it undoubtedly costs more to produce tobacco here than formerly. Some commodities are favored by the new parity formula, while others are penalized. Many commodities are produced by new, push-button methods, so that the parity formula hardly applies at all. With respect to certain commodities, a substantial profit can be made at 60 percent of parity, while with respect to others, a producer can hardly break even at 90 percent of parity. The parity formula as a whole



has not been able to assimilate technological and biological progress in the past 10 years, and it is therefore outmoded.

However, the Department of Agriculture takes the position that we would not be making progress by going back to a system permitting producers of each commodity to select a base period which would best serve their purposes. If we are to continue the parity formula as a yardstick, the Department feels that it should be applicable to all kinds of agricultural commodities.

The Department feels that if the bill holds the line at approximately the present level of supports, it will not go very far toward recovering markets which have already been lost. As a result, it will probably mean still further reductions in acreage allotments for tobacco growers with certain sized operations.

I am sure that final approval of the department is very important. In order to overcome the objection of the Department, I wonder if, instead of going back and using different base periods for tobacco, which are out of line with the base periods for any other commodities, the sponsors of the bill would not be willing to freeze the support prices for the various types of tobacco at a dollars-and-cents level not exceeding the present level. I do not know whether the Department would approve that, but I do not see how it could object to it, however. I believe that the prospect of improving the situation, or preventing it from deteriorating would be better if, instead of freezing tobacco parity prices on the basis of different base periods, we would merely freeze support prices for a 2-year period at present levels, and in the meantime try to arrive at some plan which could be approved not only by the tobacco industry, but by the Agriculture Department as well.

I am presenting the case of the Department of Agriculture as it has been given to me. I have before me copies of two letters which were sent to the chairman of the committee. I am sure he has no objection to placing them in the RECORD.

Mr. ELLENDER. I have already placed the Secretary's letter to me, dated today May 21, in the RECORD. I believe the Senator from North Carolina [Mr. JORDAN] has placed the Under Secretary's letter of May 19 in the RECORD.

Mr. AIKEN. The one dated May 19 was not to take a direct position. It did not say positively that the Department disapproved the bill.

Mr. JORDAN. Both letters have been placed in the RECORD.

Mr. AIKEN. The letter of May 21 is specific, and the Secretary signed this one himself. The first letter was signed by the Under Secretary, but the one signed by the Secretary himself is specifically to the effect that the Department does not approve the bill, and therefore, that the bill in its present form should not pass. It would have been helpful, of course, if we had that information earlier.

Also, at least one farm organization was lamenting the fact that it had no

opportunity to be heard before the Senate committee.

If we could freeze the support prices at the present dollars-and-cents levels for various types of tobacco, it seems to me that would overcome the objection of the Department.

Mr. JORDAN. Mr. President, will the Senator yield?

Mr. AIKEN. I yield.

Mr. JORDAN. The tobacco industry has made an extensive study of that very question, and has arrived at this answer. If the support price is frozen for 2 years, every one will know exactly what the price of tobacco is to be for the next 2 years. Purchasers would not buy any more tobacco than they needed for daily use.

Mr. AIKEN. I do not see how the pending bill would lower the support price substantially over the next 2 or 3 years. Some claim that it would require longer than that.

Mr. JORDAN. It might or it might not; but there is no definite price for all the tobacco grades.

Mr. AIKEN. I understand that the Senator from North Carolina and the Senator from Kentucky [Mr. COOPER] are extremely desirous of taking action, and that they have the support of most, if not all, of the tobacco growers in their States.

Mr. JORDAN. Tobacco growers in every tobacco-producing State favor the bill.

Mr. AIKEN. I commend the Senator from Kentucky for working for their States and industries.

Mr. JORDAN. They are the ones who are involved.

Mr. AIKEN. I cannot help but feel that they are putting the wrong foot forward first. I had hoped that there could be something more lasting, and something which would meet the approval of the administration, and at the same time be acceptable to the industry.

Mr. JORDAN. As a member of the committee, I believe the Senator from Vermont will admit that I would be one of the first to go to work on the problem if the Department were to submit a bill. Unless something is done to keep the price from going up, growers will not be able to sell the 1959 crop.

Mr. AIKEN. I felt that the official and final position of the Department of Agriculture should be made clear for the record.

SEVERAL SENATORS. Vote! Vote!

Mr. COOPER. The Senator from Massachusetts [Mr. KENNEDY] has asked me to insert in the RECORD for him a statement in support of the bill. I ask unanimous consent that I may do so.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

#### STATEMENT BY SENATOR KENNEDY

I wish to record my support for S. 1901. Tobacco growers and the grower organizations in the tobacco-producing areas are to be commended for coming forward with this proposal. The foresight, initiative and, in fact, the courage they have shown in this instance is an expression of one of the best reasons for the outstanding success of the tobacco program.

While the types of tobacco produced in Massachusetts are not included under the bill—because action along similar but more drastic lines was already taken at the request of the growers in the Massachusetts and Connecticut area last year—they have advised me of their support for this bill. I would like to quote a sentence from a letter address to me by Mr. Samuel J. Orr, general manager of the Conn-Mass Tobacco Cooperative, on behalf of the officers, directors, and more than 2,000 members of that organization: "The tobacco price support program has always been conducted on a sound basis, and we believe this legislation will help to keep it that way."

I am happy to give my support to the tobacco growers of our country.

The PRESIDING OFFICER. The bill is open to further amendment. If no further amendment is to be offered, the question is on the third reading of the bill.

Mr. DIRKSEN. Is the question on the third reading of the bill or on the amendment of the Senator from Vermont?

The PRESIDING OFFICER. The question is on the third reading of the bill.

Mr. AIKEN. I offered no amendment. I suggested, in the interest of better prospects of getting the bill through Congress, that it be changed in the way I mentioned. The sponsors of the bill did not accept my invitation, as I understand, to make any changes in the bill. Therefore there is no change, and the question is on the third reading of the bill.

Mr. JORDAN. The Senate committee reported the bill, and the Committee on Agriculture in the House reported the bill. This is as good a bill as we can get.

Mr. YOUNG of North Dakota. Mr. President—

Mr. DIRKSEN. I should like to get the RECORD clear. Has the third reading been consummated?

The PRESIDING OFFICER. It has not been consummated.

Mr. YOUNG of North Dakota. Mr. President, I am supporting the bill because it retains the parity concept. If we do away with the parity concept and adopt what the Secretary of Agriculture wants us to adopt, we will have a meaningless price support program. I wish to commend the tobacco producers for retaining the concept, even though it may be necessary to freeze prices at the present level. If the bill proposed to do away with the parity concept, several of us would have to oppose it.

Mr. DIRKSEN. Mr. President, I believe that a slightly round case should be presented with respect to this measure, which relates at once to the whole agricultural program. It was on January 29 of this year that the President sent his farm message to Congress. There were two items of particular interest in it. It is not necessary to examine all the language of the message. However, that message is keyed to one sentence. It is that the "price support and production control program is not working." That was the basis and the theme of the message.

Ostensibly, having stated that, it was necessary, in the interest of some kind of farm program, to submit a recommen-



dation to Congress. I believe the whole recommendation can be compressed into two sentences. The first one is this: "Prices for commodities which are subject to mandatory supports should be related to a percentage of the average market price for immediately preceding years."

That was the essence of the recommendation. Then there was a corollary to this effect: "The percentage should be discretionary with the Secretary at a level not less than 75 percent and not more than 90 percent."

If I had to paraphrase the whole message, that would be it; first, that the farm program is not working; second, in the case of commodities on which there are mandatory supports, the program should be related to a percentage of the market price, rather than parity, for the years immediately preceding; furthermore, that there should be an element of flexibility, to be exercised by the Secretary of Agriculture.

With that message came a sort of informative memorandum. Among other things, it contained information with respect to tobacco. I believe that the first important observation in that ancillary memorandum was that in respect to tobacco, we are losing our export markets. That was emphasized by the distinguished Senator from Vermont [Mr. AIKEN]. I need only elaborate a little on that situation. It is a matter of deep concern. It is not only a matter of concern with respect to tobacco, but also with respect to fabricated products and other products. However, since tobacco is the commodity which is before us at the present time, that is where the emphasis should be placed.

We go a little further. We wonder why we may be losing our export markets. This memorandum supplies at least a partial answer. It says that foreign buyers are changing blends and turning elsewhere, and that we may never get those markets back.

That would be pretty serious for tobacco growers; indeed, it would be very serious for the producer of any commodity in this country. It would be serious for the fabricator of any product or commodity in this country, if there were a danger that the market, once lost, could never be retrieved.

The other observation on tobacco was that price supports under the present law continue to go up, domestic acreage goes down, and foreign acreage is expanding.

I recall the long discussions which took place both here and in the other body. I see on the floor the distinguished chairman of the Committee on Agriculture of the House, with whom I served for a long time in the House. He is a gentleman of great distinction. Also present on the floor is a distinguished gentleman from Texas, with whom I also served in the House. I remember the debates we had about losing our cotton markets abroad. It became a matter of deep concern. Here the Department of Agriculture says that we are losing our foreign market, that our domestic acreage is decreasing, and the foreign tobacco acreage is expanding.

That is a rather unhappy prospect. That is a matter for the future. We must look down the road and envision a program which deals not only with the present but also with the future. If our markets are slipping now and they continue to slip, at what point can we effectuate a turnaround and retrieve the situation? If the market is gone, it may be difficult to get it back.

With respect to the tobacco situation, I go back now to the memorandum alluded to a moment ago in the colloquy with the Senator from Vermont [Mr. AIKEN], the memorandum from the Department of Agriculture dated the 19th of May. That was only 2 days ago. In sum, the observation is, first, that world consumption of tobacco is going up at the rate of 5 percent a year. Therefore it cannot be said that tobacco production may be suffering one way or another, because world consumption is going down. If the figures are correct—and I have no reason to dispute them—world consumption of tobacco averages an increase of 5 percent a year.

The second point is that U.S. exports are decreasing at a relatively rapid rate. If it were a minor deterioration in

that field, or if it were a rather slow decrease, it might not be a cause for alarm. However, when the Department says it is a relatively rapid decrease, then it becomes a matter of some concern.

Mr. COOPER. Mr. President, will the Senator yield?

Mr. DIRKSEN. I yield.

Mr. COOPER. On the question of exports, it might be well to get into the RECORD certain facts. I have reports of the Department of Agriculture in my hand. In the first place, even flue-cured tobacco, according to the latest May 1 records of the Department of Agriculture, during the first 9 months of fiscal year 1959 had an increase in exports over the same period last year. So far as burley tobacco is concerned, exports in calendar year 1958 were 40 percent higher than in 1957.

Therefore, all the talk about the serious decline in exports should be met by the record. Mr. President, I ask unanimous consent to insert these tables in the RECORD at this point.

There being no objection, the tables were ordered to be printed in the RECORD, as follows:

*U.S. exports of unmanufactured tobacco by types and to principal importing countries for specified periods*  
[Declared weight]

Country and type	Average 1951-55	1956	1957	1958	July-January		
					1957-58	1958-59	1958-59 as percentage of 1957-58
	<i>Million pounds</i>	<i>Million pounds</i>	<i>Million pounds</i>	<i>Million pounds</i>	<i>Million pounds</i>	<i>Million pounds</i>	<i>Percent</i>
Flue-cured.....	405.6	420.4	417.7	398.7	288.4	300.4	104
Burley.....	27.7	29.2	20.5	28.8	9.5	16.0	168

Source: March, 1959 "Tobacco Situation," AMS USDA.

*U.S. tobacco exports, March 1959, with comparisons*  
[1,000 pounds, farm-sales weight]

Type	March			Fiscal year to date, July-March		
	1959	1958	Percent change	1958-59	1957-58	Percent change
Flue-cured.....	25,550	29,700	-14.0	377,790	374,700	+0.8
Burley.....	4,800	4,048	+18.6	25,275	18,546	+36.3

Source: USDA, CSS May 1, 1959.

Mr. DIRKSEN. When I made the statement, I said that the information was contained in the memorandum submitted by the Department of Agriculture. I wish to stand by the words of the memorandum. I am not unappreciative of the fact that when we carry on a subsidy program under the so-called Development and Assistance Act, which is commonly referred to as Public Law 480, that, of course, may account, in part, for the figures mentioned by the Senator from Kentucky. However, I cannot imagine that the Department would have set down in a formal memorandum that our export markets are decreasing unless the statement was based upon the best statistical evidence which the Department of Agriculture could adduce.

The third item was that tobacco for many types is dependent upon exports.

That would be consonant with prior statements by the Department.

Then it was said that the present support program—and this is a rather unhappy, but I think an accurate, phrase—with its built-in system of constant increases will, over the next 10 years, cause the loss of most of our commercial export markets and force us to a 100 percent domestic utilization. With that consummated fact, in a 10-year period, I should say that our tobacco growers would be deeply in debt. I lament the thought of the day when we shall be thrown back upon domestic consumption entirely for any crop produced in this country.

If that happens, then it may be that the controls we will see will beggar all description, or else there will be no kind of regulation whatsoever.



But the impact upon the price level may be an unhappy one, indeed. There could be only one offset, and that would be to cut down the supply, if a commodity cannot be sent into the world markets, but must be used in this country.

Tobacco supports must be geared to modern production techniques. There has been allusion to old parity and modernized parity. As long as I have been laboring with this problem, I still become somewhat confused at times.

Old parity and modernized parity rely heavily on price relationships on the day, formerly on mule and plow, or man and hoe. But this is a different age, with a different technology, and we must recognize that fact.

Mr. YOUNG of North Dakota. Mr. President, will the Senator yield?

Mr. DIRKSEN. I yield.

Mr. YOUNG of North Dakota. The present so-called modernized parity formula still uses the 1910 to 1914 base period. Would the Senator from Illinois favor deleting the 1910-14 base period reference and using the same base period as labor and industry are using, namely, 1947-49?

Mr. DIRKSEN. I do not know whether I would or not, as a matter of fact.

Mr. YOUNG of North Dakota. I do not think the Senator would, because to do so would increase parity.

Mr. DIRKSEN. We have to spell out all the details. When it is reduced to paper, we look at all the figures, we consider the price index on both sides of the ledger, we do a little puzzling, and we come to a conclusion.

Mr. YOUNG of North Dakota. I am one who favors deleting the reference to the 1910-14 base period. I want the formula to be modernized. I want to use the same parity as labor and industry use.

Mr. DIRKSEN. I would not quarrel with that, one way or the other. I simply say that in every case the problem is resolved in language and in terms which can be understood; then we determine whether or not it is acceptable.

Mr. AIKEN. Mr. President, will the Senator yield?

Mr. DIRKSEN. I yield.

Mr. AIKEN. I would not quarrel with what the Senator from North Dakota said. If the period 1947-49 is good for industry, it ought to be good for agriculture. However, the effect would be simply to aggravate the situation we are considering today. Tobacco, instead of being supported at 56 cents or 58 cents, would be supported at a price considerably higher than that.

One reason why the modernized parity formula has increased the parity price of tobacco is that a large part of the production of a tobacco crop still requires the use of much hand labor, the cost of which has gone up. Push-button agricultural enterprises, in which there is hardly any hand labor used any more, can do much better at a lower percentage of parity.

But the Senator from North Dakota has a good point. We are using one absolute period on which to base farm prices and another one on which to base industrial prices and wages.

The parity formula, as I have said, is today obsolete for a good share of the crops, because there has been no way found to give a weighting to the use of hormones, weed killers, and all the other new technological inventions. They cannot be woven into the parity formula to give them a weighting. I have been seeking for years to have that done, but I am told there is no way to do it. Nevertheless, those factors have made it possible to produce very large crops at half the cost of 20 years ago.

Mr. DIRKSEN. If it is desired to adopt the most current kind of formula, it should be the one recommended by the Department, namely, a 3-year average of prices for the 3 preceding years. That would be the most current formula which could be adopted.

Mr. YOUNG of North Dakota. If that parity formula had been in effect in 1934, when the average price for wheat for the 3 previous years was 33 cents a bushel, the price would have been 75 percent of 33 cents a bushel, or 26 cents a bushel; and that would be meaningless. That is why I oppose such a plan.

Mr. DIRKSEN. That would be for only 1 year. There would be nothing to prevent Congress from examining into the question after that, in 4 or 5 years. That would be a matter of legislative determination. But at least there would be a striking of an average of the preceding years.

From all the observations by the Department, as carried in the memorandum which was submitted, they came to the conclusion that if there is to be legislation, it should follow one of two courses. First, it should relate support price to market price or market average. That is one course.

If it is desired to go back to parity, then the Department says if parity is used, wide discretion should be given to the Secretary with respect to support levels. The bill does not gear itself to average market price, and the discretion is not there. So it is understandable why the Department of Agriculture opposes the bill, and I think it is understandable why the American Farm Bureau Federation opposes the bill.

If I had to assign reasons in very brief compass, they would be, first, that the bill freezes price supports at current high levels. Actually, tobacco prices, if I understand the business, could advance, and probably would advance. The bill sets a limit so that they cannot advance.

It can well be argued in that respect that this is a pretty acceptable approach. I suppose, in terms of the suggestion made by the distinguished Senator from Vermont [Mr. AIKEN], if it were done on a dollars and cents basis for a very limited period, with whatever other qualifications there were as a stopgap, that might be all right.

But if prices are frozen at the current high levels, we certainly will not come to grips with the foreign export problem which now exists. If we try to change the level, get it down, or modify it, we will have difficulty. Meanwhile, if the figures submitted by the Department are correct, it means that there will be a steady deterioration in our export markets, and

that the amount of the exports will continue to go down, down, down.

The second reason assigned by the Department is that to go back to parity, both old and new, actually we will be picking up an old, discredited formula, so that there will be one price support formula for one commodity and another formula for another commodity.

The third point is that there would be a dual standard of parity prices.

These, in the main, with the possible exception that some little advantage might be given to tobacco growers over the growers of other commodities, are the basic reasons why the Secretary of Agriculture is opposed to the bill.

I felt, in all fairness, that I had a responsibility to make that case in a rather rounded context. There I shall leave it. But I thought I should express to the Senate the fact that the Farm Bureau Federation opposes the bill. However, in fairness, I think it must be said that some of the State farm bureau federations favor the bill. Very likely in Kentucky the State federation favors the bill. I am not positive of that; I presume they do. But the American Farm Bureau Federation opposes the bill on larger grounds.

The Department of Agriculture opposes the bill, because it does not believe the bill does the job which needs to be done.

That is the case with respect to the bill, as unemotionally made as I can make it. I am content to rest it there.

Mr. KEATING. Mr. President, will the distinguished Senator from Illinois yield to me?

Mr. DIRKSEN. I yield.

Mr. KEATING. Some of these farm problems have to be stated rather simply for the benefit of some of us who are far from being experts in these fields—although I know of the clear grasp the distinguished Senator from Illinois has of these problems, as well as of all others with which he has to deal.

Mr. DIRKSEN. Mr. President, I wish I could be sure of that.

Mr. KEATING. Would it be fair to conclude—or would it be an oversimplification—that the position of the Department is that the present formula would eventually, at least, result in lower prices for tobacco than would be brought about by the proposed legislation now before us; and that, therefore, the tobacco growers and distributors in the United States would be better able to compete in the foreign market?

Mr. DIRKSEN. That would be one factor; but the Department has to look down the road and to think in terms of a period of years, for the benefit of American agriculture. So, as the Department sees the export market decreasing, and—and more important—as it sees the foreign acreage of tobacco expanding, with a possibility that American growers will never get back the market, the question then is, what is the best course to pursue, not only for the American tobacco growers, but also for all those who are identified with the tobacco industry, because the problem is not alone a growers' problem.

Mr. KEATING. No, it is not.



Mr. DIRKSEN. As the Department sees that problem in the large, it believes that, of course, there must be flexibility in the program, and it must not be frozen at a level which would not give the American growers a chance to compete; and the Department believes that the American producers can successfully compete in the world market, insofar as tobacco is concerned.

Mr. KEATING. I do not wish to seem parochial about the matter. In my State, tobacco is not produced; but in my State there are many persons who are engaged in the distribution of tobacco.

The argument the distinguished Senator from Illinois has advanced impresses me—as does the opposition of the American Farm Bureau, for which I have such high regard—with the fact that probably the interests of the distributors of tobacco would not be served by the enactment of this proposed legislation.

Mr. COOPER. Mr. President, on that point, will the Senator from Illinois yield to me?

Mr. DIRKSEN. I yield.

Mr. COOPER. Evidently the Senator from New York is interested in the position of the tobacco export associations. I previously placed in the RECORD a statement showing that 34 tobacco associations, organizations, and representative groups of growers, distributors, and warehousemen support this bill; all of them support it. Among them is the New York Exporters Associations—the Leaf Tobacco Board of Trade in New York City—as well as the Leaf Tobacco Exporters Association to which several New York firms also belong. I know that.

Mr. KEATING. Am I to understand that the dealers in tobacco and the export associations unitedly support this bill?

Mr. COOPER. Yes. I will give the Senator from New York the list which shows that the New York Exporters Associations strongly support this bill. I refer the Senator also to the statement on page 4 of the House committee hearings on March 25 of a representative of the Leaf Tobacco Board of Trade of the city of New York.

Mr. KEATING. I shall be exceedingly interested in seeing it. Is the distinguished Senator from Kentucky able to enlighten us as to the basis for the support of the bill by the exporters associations?

Mr. COOPER. Certainly. The distinguished Senator from North Carolina [Mr. JORDAN] elaborated very clearly on that point only a few moments ago. It is as follows: Under the present modernized parity formula, there is an automatic advance in prices. Evidently the price has reached a point where foreign purchasers think it is too high, and they are now buying from other sources, although they prefer American tobacco.

One point which has not been brought out is that in the tobacco industry the purchasers do not purchase for current use, or even one year's supply; instead, they may stock suppliers for several years in advance of use, because the tobacco has to be aged and processed.

If we were to enact a 1-year or a 2-year freeze, they would not know what would happen. They simply would not buy tobacco; or else they would buy only for their minimum and immediate needs. But if they know the price will be stabilized over a period of years, they will buy more tobacco.

Evidently that is the reason why the tobacco export associations are favoring this bill.

Mr. KEATING. I appreciate the explanation given by the distinguished Senator from Kentucky; and I thank the distinguished Senator from Illinois for yielding.

Mr. DIRKSEN. Mr. President, I have only one other observation to make: As in the case of New York, no tobacco is produced in my State. But that is no reason why I should not be interested in tobacco, because it is a part of the agricultural economy; and that economy moves either up or down in the case of either wheat, soybeans, tobacco, or any of the other commodities which are parts of our overall agricultural economy. I would certainly be distressed if at some time in the future we were to come close to losing our entire export market. In that event, in order to use up the crop on a domestic basis, what would have to impress itself upon the tobacco growers would be, indeed, a very unhappy thing; and it would have to translate itself in terms of the most drastic controls, if any kind of a livelihood were to be made from the production of tobacco. But that could not be done in the case of only one crop without having the effect of such a policy felt by all other crops in the entire agricultural domain.

That is why the problem dealt with by the pending bill cannot be considered apart or isolated from the problems of the rest of our agricultural economy.

Mr. President, I believe I have fairly stated the case; and there I am content to leave it.

The PRESIDING OFFICER. The bill is open to further amendment.

If there be no further amendment to be proposed, the question is on the engrossment and third reading of the bill.

The bill (S. 1901) was ordered to be engrossed for a third reading, read the third time, and passed, as follows:

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 101(c) of the Agricultural Act of 1949 is amended by deleting the period at the end thereof and adding a colon and the following: "Provided, That for any kind of tobacco (other than Connecticut Valley cigar binder types 51 and 52) for which marketing quotas were in effect for the 1958 crop, the level of support computed in dollars and cents for each subsequent crop of such tobacco for which marketing quotas are in effect shall not exceed the level of support computed in dollars and cents applicable to the 1958 crop until 90 per centum of the parity price as of the beginning of the marketing year for a subsequent crop computed in the manner used prior to the enactment of the Agricultural Act of 1949 exceeds the level of support applicable to the 1958 crop or 90 per centum of the parity price computed as provided in the Agricultural Adjustment Act of 1938, as amended, whereupon the level of support for such subsequent crop and each crop thereafter shall*

be 90 per centum of the parity price as of the beginning of the marketing year computed in the manner used prior to the enactment of the Agricultural Act of 1949, or computed as provided in the Agricultural Adjustment Act of 1938, as amended, whichever computation results in the lower level of support: *And provided further, That in computing parity in the manner used prior to the enactment of the Agricultural Act of 1949, the parity index as defined in section 301(a)(1)(C) of the Agricultural Adjustment Act of 1938, as amended, shall be used except that in lieu of the period January 1910 to December 1914, inclusive, the base period applicable to the kind of tobacco prior to the enactment of the Agricultural Act of 1949 shall be used."*

SEC. 2. Section 2 of the Act of July 28, 1945, as amended (59 Stat. 506; 7 U.S.C. 1312 note), is amended by deleting the proviso at the end thereof and substituting therefor a new proviso reading as follows: "*Provided, That beginning with the 1959 crop, the level of support for each such kind of tobacco shall not exceed a maximum level of support determined therefor pursuant to the provisos in section 101(c) of the Agricultural Act of 1949, as amended."*

Mr. ELLENDER. Mr. President, I move that the vote by which the bill was passed be reconsidered.

Mr. JORDAN. Mr. President, I move to lay on the table the motion to reconsider the vote by which the bill was passed.

The PRESIDING OFFICER. The question is on agreeing to the motion to lay on the table the motion to reconsider.

The motion to lay on the table was agreed to.

#### WHEAT ACT OF 1959

Mr. ENGLE obtained the floor.

Mr. ELLENDER. Mr. President will the Senator from California yield to me?

Mr. ENGLE. I yield to the Senator from Louisiana if it is understood that I shall not thereby lose my right to the floor.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ELLENDER. Mr. President, I move that the Senate proceed to the consideration of Calendar No. 283, Senate bill 1968, to strengthen the wheat-marketing quota and price-support program.

The motion was agreed to; and the Senate proceeded to the consideration of the bill (S. 1968) to strengthen the wheat-marketing quota and price-support program.

Mr. YOUNG of North Dakota. Mr. President, will the Senator from California yield to me?

Mr. ENGLE. I yield, if it is understood that I shall not thereby lose the floor.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. YOUNG of North Dakota. I thank the Senator from California for yielding to me.

Mr. President, wheat surpluses have been mounting. This is largely because of modern mechanized farming, new technology in agriculture, unusually favorable weather conditions, and over-seeding of quotas. While production has increased, national consumption for hu-







86TH CONGRESS  
1ST SESSION

# S. 1901

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IN THE HOUSE OF REPRESENTATIVES

JUNE 1, 1959

Referred to the Committee on Agriculture

---

## AN ACT

To amend section 101 (c) of the Agricultural Act of 1949 and the Act of July 28, 1945, to stabilize and protect the level of support for tobacco.

1        *Be it enacted by the Senate and House of Representa-*  
2   *tives of the United States of America in Congress assembled,*  
3   That section 101 (c) of the Agricultural Act of 1949 is  
4   amended by deleting the period at the end thereof and add-  
5   ing a colon and the following: "*Provided*, That for any  
6   kind of tobacco (other than Connecticut Valley cigar binder  
7   types 51 and 52) for which marketing quotas were in effect  
8   for the 1958 crop, the level of support computed in dollars  
9   and cents for each subsequent crop of such tobacco for which  
10   marketing quotas are in effect shall not exceed the level of

1 support computed in dollars and cents applicable to the 1958  
2 crop until 90 per centum of the parity price as of the begin-  
3 ning of the marketing year for a subsequent crop computed  
4 in the manner used prior to the enactment of the Agricultural  
5 Act of 1949 exceeds the level of support applicable to the  
6 1958 crop or 90 per centum of the parity price computed as  
7 provided in the Agricultural Adjustment Act of 1938, as  
8 amended, whereupon the level of support for such subsequent  
9 crop and each crop thereafter shall be 90 per centum of the  
10 parity price as of the beginning of the marketing year com-  
11 puted in the manner used prior to the enactment of the Agri-  
12 cultural Act of 1949, or computed as provided in the Agri-  
13 cultural Adjustment Act of 1938, as amended, whichever  
14 computation results in the lower level of support: *And pro-*  
15 *vided further,* That in computing parity in the manner used  
16 prior to the enactment of the Agricultural Act of 1949, the  
17 parity index as defined in section 301 (a) (1) (C) of the  
18 Agricultural Adjustment Act of 1938, as amended, shall be  
19 used except that in lieu of the period January 1910 to De-  
20 cember 1914, inclusive, the base period applicable to the kind  
21 of tobacco prior to the enactment of the Agricultural Act  
22 of 1949 shall be used."

23 SEC. 2. Section 2 of the Act of July 28, 1945, as  
24 amended (59 Stat. 506; 7 U.S.C. 1312 note), is amended  
25 by deleting the proviso at the end thereof and substituting

1 therefor a new proviso reading as follows: "*Provided, That*  
2 beginning with the 1959 crop, the level of support for  
3 each such kind of tobacco shall not exceed a maximum level  
4 of support determined therefor pursuant to the provisos  
5 in section 101 (c) of the Agricultural Act of 1949, as  
6 amended."

Passed the Senate May 21, 1959.

Attest:

FELTON M. JOHNSTON,

*Secretary.*



86TH CONGRESS  
1ST SESSION

S. 1901

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## AN ACT

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To amend section 101(c) of the Agricultural Act of 1949 and the Act of July 28, 1945, to stabilize and protect the level of support for tobacco.

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JUNE 1, 1959

Referred to the Committee on Agriculture







June 2, 1959

10. TOBACCO. The Agriculture Committee reported without amendment S. 1901 to modify price supports for tobacco (H. Rept. 421). p. 8683.
11. PUBLIC WORKS APPROPRIATION BILL, 1960. The Appropriations Committee reported without amendment H. R. 7509, to make appropriations for civil functions administered by the Department of Army,, certain agencies of the Department of the Interior and the Tennessee Valley Authority (H. Rept. 424). p. 8683
12. FEDERAL-STATE RELATIONS. The Judiciary Committee reported without amendment H. R. 3, to establish rules of interpretation governing questions of the effect of acts of Congress on State laws (H. Rept. 422). p. 8683
13. DEFENSE APPROPRIATION BILL. Began debate on this bill, H. R. 7454. pp. 8638-62
14. WILDLIFE. Rep. Johnson, Colo., urged favorable consideration of his bill, H. R. 7471, to establish and operate a National Wildlife Disease Laboratory, stressed the point that "wildlife diseases are relatively unstudied" and listed several reasons for locating such a laboratory at Colorado State University, partially because of USDA support of related laboratories in that area. pp. 8679-81  
Received from Interior a proposed bill "to amend the act of July 3, 1956, entitled 'An act to authorize the Secretary of Interior to cooperate with Federal and non-Federal agencies in the prevention of waterfowl depredations'; to the Banking and Currency Committee. p. 8682
15. FOREST HIGHWAYS. Received from the Commerce Department a proposed bill "to amend sec. 209 (f) (1) of the Highway Revenue Act of 1953 in order to provide for the financing of forest highways and public lands highways from the highway trust fund"; to the Ways and Means Committee. p. 8682
16. FARM PROGRAM. Received from the Texas Senate a memorial urging American leadership to awaken to the role of the small farmer and small communities in preserving our way of life. p. 8684

ITEMS IN APPENDIX

17. FARM PROGRAM. Sen. Byrd inserted an article, "It's Hard To Beat Senator John Williams," which commends Sen. Williams " ... who at last seems to have muzzled the tax-eating ox called the incorporated farmer." p. A4651  
Rep. Allen inserted an editorial, "More Economic Folly," opposing the proposed restriction placed on the amount of CCC loans. p. A4665
18. FARM LABOR. Extension of remarks of Sen. Williams, N. J., inserting an editorial "which calls attention to the condition of a forgotten segment of our country -- farm labor." p. A4651
19. WHEAT. Extension of remarks of Sen. Neuberger inserting an article, "Wheatmen Agree Farm Program a Flop," and stating that it analyzes some of the major questions involved in handling wheat production. pp. A4655-6
20. GAO. Extension of remarks of Rep. Brooks commending the General Accounting Office as "an invaluable arm of the Congress in determining the efficiency and economy of the conduct of our Federal Government." pp. A4662-3
21. FARM PRICES. Rep. McIntire inserted a Cooperative Extension Service publication, "Farm Prices and the Cost of Living." pp. A4667-8

22. RECLAMATION. Rep. Roosevelt inserted a Calif. Assembly resolution urging that the proposed San Luis project bill contain the 160-acre limitation provision. p. A4669
23. RURAL REDEVELOPMENT. Rep. Flood inserted a list of the rural counties throughout the Nation who would qualify for assistance under the provisions of the Area Redevelopment Act as reported by the House Banking and Currency Committee. pp. A4671-2
24. LIBRARY SERVICES. Extension of remarks of Rep. McIntire commending the successful operation of programs under the Library Services Act, discussing the benefits and inserting an article describing some of the cooperative programs. pp. A4673-4
25. ELECTRIFICATION. Extension of remarks of Rep. Coad favoring an item in the public works appropriation bill for 1960 which would enable the Bureau of Reclamation to commence construction of a certain electric transmission line in Iowa. p. A4681
26. SCIENTIFIC INFORMATION. Rep. Fulton inserted Dr. Alan T. Waterman's, Director, National Science Foundation, testimony before the House Committee on Science and Astronautics, "Dissemination of Scientific Information." pp. A4690-2

BILLS INTRODUCED

27. LABOR STANDARDS. H. R. 7490, by Rep. Frelinghuysen, to amend the Fair Labor Standards Act of 1938, as amended; to Education and Labor Committee. Remarks of author. pp. 8665-6
28. ELECTRIFICATION. H. R. 7494, by Rep. Hemphill, to provide for the comprehensive operation of hydroelectric power resources of the United States; to Interstate and Foreign Commerce Committee.
29. FOREIGN AID. H. R. 7500, by Rep. Morgan, to amend further the Mutual Security Act of 1954, as amended; to Foreign Affairs Committee.
30. SURPLUS COMMODITIES. H. R. 7504, by Rep. Flood, to transfer the administration of the program for distribution of surplus agricultural food commodities to needy persons; to Agriculture Committee.
31. JUDICIAL OFFICER. H. R. 7506, by Rep. Poff, to create a judicial officer for the Post Office Department; to Post Office and Civil Service Committee.
32. COTTON. H. J. Res. 408, by Rep. Teague of Texas, to provide for the development of a program for controlling the production of cotton on a bale basis; to Agriculture Committee.
33. FLOWER. H. J. Res. 409, by Rep. Younger (by request), designating the Luther Burbank Shasta daisy as the national flower of the United States; to House Administration Committee.

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COMMITTEE HEARINGS ANNOUNCEMENTS:

June 3: Sale and transfer of acreage allotments, H. Agriculture. S. Agriculture and Forestry (exec). Caribou and Targhee forest small tract applications, H. Interior. Removal of security risks from Federal payroll, H. Civil Service.



## TOBACCO PRICE SUPPORT

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JUNE 2, 1959.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

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Mr. COOLEY, from the Committee on Agriculture, submitted the following

### REPORT

[To accompany S. 1901]

The Committee on Agriculture, to whom was referred the bill (S. 1901) to amend section 101 (c) of the Agricultural Act of 1949 and the act of July 28, 1945, to stabilize and protect the level of support for tobacco, having considered the same, reports favorably thereon without amendment and recommends that the bill do pass.

#### STATEMENT

S. 1901 as here reported is identical with the bill as reported by the Senate Committee on Agriculture and Forestry except for technical amendments which were adopted in the Senate by unanimous consent. The Senate report (Rept. No. 297) set out below, explains the nature and purpose of the bill. Further explanation will be found in House Report 329, accompanying H.R. 5058.

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[S. Rept. 297, 86th Cong., 1st sess.]

The Committee on Agriculture and Forestry, to whom was referred the bill (S. 1901) to amend section 101(c) of the Agricultural Act of 1949 and the act of July 28, 1945, to stabilize and protect the level of support for tobacco, having considered the same, report thereon with a recommendation that it do pass without amendment.

#### GENERAL RULE

S. 1901 is identical to H.R. 5058 as amended and reported by the House Committee on Agriculture. It provides that the level of price support in dollars and cents for any kind of tobacco (subject to the



exceptions hereinafter noted) shall not exceed that established for the 1958 crop until 90 percent of parity computed as provided by the bill, as of the beginning of the marketing year for any crop, exceeds the lower of (i) the 1958 support level or (ii) 90 percent of parity computed as provided by existing law. Beginning with such crop, the support level will be fixed at 90 percent of parity computed by whichever of the two methods results in the lower price. The method of computing parity provided by the bill is generally similar to that used prior to the enactment of the Agricultural Act of 1948, using the base periods specified in the law at that time both in determining the base period price for the commodity and in computing the parity index. These base periods were August 1934 to July 1939 for burley and Flue-cured tobacco and August 1919 to July 1929 for all other kinds of tobacco. The Agricultural Act of 1948 provided for use of an August 1936 to July 1941 base period for Maryland tobacco during 1959, but the base period for Maryland tobacco prior to the enactment of that act was August 1919 to July 1929. Except for the change in base period, the parity index would continue to be computed as provided by existing law. The method of computing parity provided by the bill would be applicable only for the purposes of the bill. The bill would not make any change in the method of computing parity prices of tobacco for any other purpose.

The Agricultural Act of 1948 modified the parity formula so that the parity prices of the various agricultural commodities would reflect the price relationships between such commodities during the immediately preceding 10 years. The effect of this so-called modernized parity formula has been to increase the parity price of tobacco. For instance, the parity price for Flue-cured tobacco increased from 54.9 cents per pound in December 1956 to 61.3 cents in December 1958. In the same period the parity price for burley tobacco increased from 53.8 cents per pound to 62.2 cents. Tobacco support prices, which are fixed at 90 percent of parity when marketing quotas are in effect, have increased correspondingly and the industry has generally agreed that continuing increases would not be in the interest of this segment of our agricultural economy. Tobacco producers, warehousemen, and exporters believe present general price levels for tobacco are reasonable and therefore your committee recommends enactment of S. 901. With this adjustment tobacco support prices will continue to have a stabilizing effect on price and income in the industry.

#### EXCEPTIONS

The general rule just described would not be applicable to kinds of tobacco which were not subject to marketing quotas in 1958, namely Pennsylvania filler type 41 and Puerto Rican filler type 46. It also would not be applicable to Connecticut Valley binder types 51 and 52 for which the Secretary of Agriculture recently provided a revised method of computing parity prices under the authority of section 301(a)(1)(F) of the Agricultural Adjustment Act of 1938. That section provides that whenever the parity price of a commodity is seriously out of line, the Secretary shall make appropriate revision of the method of computing the parity price for such commodity. Last year producers requested the Secretary to review the parity price for these types; and the Secretary subsequently established lower parity prices

for them. The general rule described above would also not be applicable to Fire-cured, Dark Air-cured, and Virginia sun-cured tobaccos, except for the purpose of imposing an upper limit on support prices for those kinds of tobacco. Section 2 of the bill provides that the price-support levels for Fire-cured, Dark Air-cured, and Virginia Sun-cured tobaccos shall not exceed the support levels determined for them in the manner provided by section 101(c) of the Agricultural Act of 1949, as amended by the first section of the bill. Existing law provides that these kinds of tobacco are to be supported at specified percentages of the burley tobacco loan rate, but not in excess of a maximum rate equal to the higher of the 1957 crop-support level or 90 percent of parity. The law would continue to provide that they be supported on the basis of the burley loan rate, but the maximum rate provided by the bill would be substituted for the maximum rate provided by existing law. In the foreseeable future it appears that they will be supported at the level specified in the bill. They are currently being supported at the 1957 level, which is less than the level computed on the basis of the burley rate.

## DEPARTMENTAL REPORT

The attached report of the Department of Agriculture relates to H.R. 5058, as it was introduced in the House of Representatives. While the House committee revised the bill, its purpose as originally introduced was the same as that of S. 1901, that of preventing further increases in tobacco support prices. A report on S. 1901 has not been received from the Department as yet.

DEPARTMENT OF AGRICULTURE,  
*Washington, D.C., March 10, 1959.*

HON. HAROLD D. COOLEY,  
*House of Representatives.*

DEAR CONGRESSMAN COOLEY: This is in reply to your request for a report on H.R. 5058, a bill to amend section 101(c) of the Agricultural Act of 1949 to stabilize and protect the support level for tobacco.

This bill provides that the level of price support for tobacco shall not exceed the 1958 crop support level until such time as 90 percent of parity computed in the manner used prior to the enactment of the Agricultural Act of 1948 exceeds the 1958 crop support level, and that thereafter the support level shall be 90 percent of parity computed in the manner used prior to the enactment of the Agricultural Act of 1948. The bill excepts Connecticut Valley cigar binder types 51 and 52 for which parity was recently redetermined under section 301(a)(1)(F) of the Agricultural Adjustment Act of 1938, as amended, and also excludes those kinds of tobacco for which marketing quotas were not in effect in 1958, namely, Pennsylvania filler type 41 and Puerto Rican filler type 46.

We estimate that the index of prices paid by farmers would have to increase 8 percent for burley and 13 percent for Flue-cured—our major export tobacco—before the old parity provision would go into effect and the freeze removed. The extent of the increase required on the various types of tobaccos is shown in the attached table.

The Department is convinced that the United States can produce competitively a quality of tobacco which cannot be duplicated any-



where else in the world, and that we should sincerely try to find some way to let our farmers produce it. Tobacco farmers have, under the present rigid program, been sacrificing their longtime best interests for possible temporary gains. At a time when world consumption of tobacco is increasing at the rate of 5 percent a year, our exports have been decreasing relatively at a rapid rate. Although it is generally recognized that the economy of the tobacco grower in many types of tobacco is heavily dependent upon exports, we continue to follow a course that is continuously shrinking our share of the world market.

We believe that the present price support program with its built-in system of constantly increasing support prices will, over the next 10 years cause us to lose most of our commercial export markets and force the domestic industry to 100 percent utilization of the tobacco leaf. While the proposed bill will eliminate or at least minimize the substantial increases in the support levels which otherwise will occur in the next few years under the present support system, we believe that the use of any measuring device for price support purposes which fails to take into account present day production technology, is most unwise. Unfortunately, both old parity and modernized parity rely heavily on price relationships which existed when farming was almost entirely a mule-and-plow, and a man-and-hoe, operation.

The Department feels that the tobacco program should be modified on a positive basis designed to achieve increased disappearance of U.S. tobacco with a corresponding opportunity for increased production and higher allotments. A proposal for a positive modification of the tobacco program was outlined in a memorandum dated January 19, 1959, from the Department to the President, as follows:

"Farmers who grow tobacco have been losing markets at home and abroad. As prices of U.S. tobacco increase, foreign buyers change their blends and turn to other sources of supply. They may never be induced to return to our markets. The present old laws result in price supports at continually rising levels. Acreages at home have been severely cut to low levels while acreage and production expand abroad.

"Legislation should be enacted to relate the support price to the market average or, if the parity formula as a basis for price supports is continued in use, to provide wide discretion in the level of supports.

"In addition, modifications of the control program may be in order. Tobacco growers have widely discussed the desirability of modifying the present control system. Their ideas of providing either a poundage quota or a poundage-acreage control have merit."

This bill fails to go far enough in correcting this situation for the following reasons:

1. It would freeze price supports for tobacco at current high levels, thus hampering efforts to expand markets and to curtail foreign production. Instead of such a freeze we need more discretion in setting the support level so that we can regain markets rigid supports have lost for tobacco.

2. It would put back into use a formula which previously was discarded by Congress because it resulted in unrealistic parity prices. Under the old formula parity price for tobacco is based on the level of prices in 1934-38 for flue-cured and burley, 1936-40 for Maryland, and 1919-28 for other tobaccos, modified to the extent that prices paid by farmers have changed. Use of this base period some 20 to 30 years ago fails to recognize the changes which have occurred in farm tech-



nology since then, and the changes in intercommodity relationships. It was these shortcomings which led Congress to adopt a modernized parity which takes into consideration price relationship in a recent 10-year period.

3. It would result in a dual standard of parity prices. Old parity would be used for tobacco whereas new parity would be used for other commodities. If we are to use parity price as a standard for price support, we should use the same formula for all commodities.

4. It would continue to place tobacco growers at an advantage over producers of other crops. Currently tobacco is the only price-support commodity where the Secretary has no discretion in setting support levels. This level is and has been higher in terms of percent of parity than it has been for other crops where even under present law some discretion is permitted.

This bill, H.R. 5058, reflects a recognition of the soundness of the administration's position that the present program is destroying markets rather than building them.

This bill, H.R. 5058, reflects a recognition that the present law can only result in decreased allotments.

This proposal is superior to the present legislation in that it prevents further price-support increases for some time. However, the Department feels that the bill is not adequate and the administration's tobacco program outlined above is far better.

H.R. 5058 would have the tendency to lower the amount of Commodity Credit Corporation funds which would otherwise be invested in the tobacco price-support program. It would effect no change in administrative expenses.

The Bureau of the Budget advised that there is no objection to the submission of this report.

Sincerely yours,

E. T. BENSON, *Secretary*.

#### CHANGES IN EXISTING LAW

In compliance with clause 3 of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italics, and existing law in which no change is proposed is shown in roman):

### AGRICULTURAL ACT OF 1949

#### TITLE I—BASIC AGRICULTURAL COMMODITIES

SEC. 101. The Secretary of Agriculture (hereinafter called the "Secretary") is authorized and directed to make available through loans, purchases, or other operations, price support to cooperators for any crop of any basic agricultural commodity, if producers have not disapproved marketing quotas for such crop, at a level not in excess of 90 per centum of the parity price of the commodity nor less than the level provided in subsections (a), (b), and (c) as follows:

(a) For tobacco (except as otherwise provided herein), corn, and wheat, if the supply percentage as of the beginning of the marketing year is:

The level of support shall be not less than the following percentage of the parity price:

Not more than 102	90
More than 102 but not more than 104	89
More than 104 but not more than 106	88
More than 106 but not more than 108	87
More than 108 but not more than 110	86
More than 110 but not more than 112	85
More than 112 but not more than 114	84
More than 114 but not more than 116	83
More than 116 but not more than 118	82
More than 118 but not more than 120	81
More than 120 but not more than 122	80
More than 122 but not more than 124	79
More than 124 but not more than 126	78
More than 126 but not more than 128	77
More than 128 but not more than 130	76
More than 130	75

For rice of the 1959 and 1960 crops, the level of support shall be not less than 75 per centum of the parity price. For rice of the 1961 crop the level of support shall be not less than 70 per centum of the parity price. For the 1962 and subsequent crops of rice the level of support shall be not less than 65 per centum of the parity price.

(b) For cotton and peanuts, if the supply percentage as of the beginning of the marketing year is:

The level of support shall be not less than the following percentage of the parity price:

Not more than 108	90
More than 108 but not more than 110	89
More than 110 but not more than 112	88
More than 112 but not more than 114	87
More than 114 but not more than 116	86
More than 116 but not more than 118	85
More than 118 but not more than 120	84
More than 120 but not more than 122	83
More than 122 but not more than 124	82
More than 124 but not more than 125	81
More than 125 but not more than 126	80
More than 126 but not more than 127	79
More than 127 but not more than 128	78
More than 128 but not more than 129	77
More than 129 but not more than 130	76
More than 130	75

(c) For tobacco, if marketing quotas are in effect, the level of support shall be 90 per centum of the parity price: *Provided, That for any kind of tobacco (other than Connecticut Valley cigar binder types 51 and 52) for which marketing quotas were in effect for the 1958 crop, the level of support computed in dollars and cents for each subsequent crop of such tobacco for which marketing quotas are in effect shall not exceed the level of support computed in dollars and cents applicable to the 1958 crop until 90 per centum of the parity price as of the beginning of the marketing year for a subsequent crop computed in the manner used prior to the enactment of the Agricultural Act of 1949 exceeds the level of support applicable to the 1958 crop or 90 per centum of the parity price computed as provided in the Agricultural Adjustment Act of 1938, as amended, whereupon the level of support for such subsequent crop and each crop thereafter shall be 90 per centum of the parity price as of the beginning of the marketing year computed in the manner used prior to the enactment of the Agricultural*

*Act of 1949, or computed as provided in the Agricultural Adjustment Act of 1938, as amended, whichever computation results in the lower level of support: And provided further, That in computing parity in the manner used prior to the enactment of the Agricultural Act of 1949, the parity index as defined in section 301(a)(1)(C) of the Agricultural Adjustment Act of 1938, as amended, shall be used except that in lieu of the period January 1910 to December 1914, inclusive, the base period applicable to the kind of tobacco prior to the enactment of the Agricultural Act of 1949 shall be used.*

(d) Notwithstanding the foregoing provisions of this section—

(1) if producers have not disapproved marketing quotas for such crop, the level of support to cooperators shall be 90 per centum of the parity price for the 1950 crop of any basic agricultural commodity for which marketing quotas or acreage allotments are in effect;

(2) if producers have not disapproved marketing quotas for such crop, the level of support to cooperators shall be not less than 80 per centum of the parity price for the 1951 crop of any basic agricultural commodity for which marketing quotas or acreage allotments are in effect;

(3) the level of price support to cooperators for any crop of a basic agricultural commodity, except tobacco, for which marketing quotas have been disapproved by producers shall be 50 per centum of the parity price of such commodity; and no price support shall be made available for any crop of tobacco for which marketing quotas have been disapproved by producers;

(4) repealed.

(5) price support may be made available to noncooperators at such levels, not in excess of the level of price support to cooperators, as the Secretary determines will facilitate the effective operation of the program.

(6) Except as provided in subsection (c) and section 402, the level of support to cooperators shall be not more than 90 per centum and not less than 82½ per centum of the parity price for the 1955 crop of any basic agricultural commodity with respect to which producers have not disapproved marketing quotas; within such limits, the minimum level of support shall be fixed as provided in subsection (a) and (b) of this section.

(7) Where a State is designated under section 335(e) of the Agricultural Adjustment Act of 1938, as amended, as outside the commercial wheat-producing area for any crop of wheat, the level of price support for wheat to cooperators in such State for such crop of wheat shall be 75 per centum of the level of price support to cooperators in the commercial wheat-producing area.

(e) Notwithstanding any of the provisions of this Act, section 2 of the Act of July 28, 1945 (59 Stat. 506) shall continue in effect.

(f) The provisions of this Act relating to price support for cotton shall apply severally to (1) American upland cotton and (2) extra long staple cotton described in subsection (a) and ginned as required by subsection (e) of section 347 of the Agricultural Adjustment Act of 1938, as amended, except that, notwithstanding any of the foregoing provisions of section 101 of this Act, the level of support to cooperators for the 1957 and each subsequent crop of extra long staple cotton, if producers have not disapproved marketing quotas therefor, shall not exceed the same per centum of the parity price as



for the 1956 crop and shall be determined after consideration of the factors specified in section 401(b) and the price levels for similar qualities of cotton produced outside the United States: *Provided*, That such level of price support shall be not less than 60 per centum of the parity price. Disapproval by producers of the quota proclaimed under such section 347 shall place into effect the provisions of section 101(d)(3) of this Act with respect to the extra long staple cotton described in subsection (a) of such section 347. Nothing contained herein shall affect the authority of the Secretary under section 402 to make support available for extra long staple cotton in accordance with such section 402.

### ACT OF JULY 28, 1945

\* \* \* \* \*

SEC. 2. Notwithstanding any other provision of law, the Commodity Credit Corporation is authorized and directed, beginning with the 1945 crop, to make available upon any crop of fire-cured, dark air-cured and Virginia sun-cured tobacco, if producers have not disapproved marketing quotas for such tobacco for the marketing year beginning with the calendar year in which such crop is harvested, loans or other price support at, in the case of fire-cured tobacco, 75 per centum of the loan rate for burley tobacco for the corresponding crop and, in the case of dark air-cured and Virginia sun-cured tobacco, at 66⅔ per centum of such burley tobacco loan rate: **[*Provided*, That, beginning with the 1958 crop, the levels of support for such kinds of tobacco shall not exceed the higher of (a) the level applicable to the 1957 crop or (b) 90 per centum of the parity price]** *Provided, That beginning with the 1959 crop, the level of support for each such kind of tobacco shall not exceed a maximum level of support determined therefor pursuant to the provisos in section 101(c) of the Agricultural Act of 1949, as amended.*

### PRIOR LAW WHICH WOULD BE PARTIALLY REACTIVATED BY BILL

Prior to enactment of the Agricultural Act of 1948, the term "parity" was defined in section 301(a) of the Agricultural Adjustment Act of 1938, as amended, as follows: " 'Parity,' as applied to prices for any agricultural commodity, shall be that price for the commodity which will give to the commodity a purchasing power with respect to articles that farmers buy equivalent to the purchasing power of such commodity in the base period; and, in the case of all commodities for which the base period is the period August 1909 to July 1914, which will also reflect current interest payments per acre on farm indebtedness secured by real estate, tax payments per acre on farm real estate, and freight rates, as contrasted with such interest payments, tax payments, and freight rates during the base period. The base period in case of all agricultural commodities except tobacco shall be the period August 1909 to July 1914. In the case of all kinds of tobacco except Burley and flue-cured such base period shall be the period August 1919 to July 1929, and, in the case of Burley and flue-cured tobacco, shall be the period August 1934 to July 1939; except that the August 1919-July 1929 base period shall be used in allocating any funds appropriated prior to September 1, 1940."

# Union Calendar No. 182

86TH CONGRESS  
1ST SESSION

## S. 1901

[Report No. 421]

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### IN THE HOUSE OF REPRESENTATIVES

JUNE 1, 1959

Referred to the Committee on Agriculture

JUNE 2, 1959

Committed to the Committee of the Whole House on the State of the Union  
and ordered to be printed

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## AN ACT

To amend section 101 (c) of the Agricultural Act of 1949 and the Act of July 28, 1945, to stabilize and protect the level of support for tobacco.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*  
3       That section 101 (c) of the Agricultural Act of 1949 is  
4       amended by deleting the period at the end thereof and add-  
5       ing a colon and the following: "*Provided, That for any*  
6       kind of tobacco (other than Connecticut Valley cigar binder  
7       types 51 and 52) for which marketing quotas were in effect  
8       for the 1958 crop, the level of support computed in dollars  
9       and cents for each subsequent crop of such tobacco for which  
10      marketing quotas are in effect shall not exceed the level of

1 support computed in dollars and cents applicable to the 1958  
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3 ning of the marketing year for a subsequent crop computed  
4 in the manner used prior to the enactment of the Agricultural  
5 Act of 1949 exceeds the level of support applicable to the  
6 1958 crop or 90 per centum of the parity price computed as  
7 provided in the Agricultural Adjustment Act of 1938, as  
8 amended, whereupon the level of support for such subsequent  
9 crop and each crop thereafter shall be 90 per centum of the  
10 parity price as of the beginning of the marketing year com-  
11 puted in the manner used prior to the enactment of the Agri-  
12 cultural Act of 1949, or computed as provided in the Agri-  
13 cultural Adjustment Act of 1938, as amended, whichever  
14 computation results in the lower level of support: *And pro-*  
15 *vided further*, That in computing parity in the manner used  
16 prior to the enactment of the Agricultural Act of 1949, the  
17 parity index as defined in section 301 (a) (1) (C) of the  
18 Agricultural Adjustment Act of 1938, as amended, shall be  
19 used except that in lieu of the period January 1910 to De-  
20 cember 1914, inclusive, the base period applicable to the kind  
21 of tobacco prior to the enactment of the Agricultural Act  
22 of 1949 shall be used."

23 SEC. 2. Section 2 of the Act of July 28, 1945, as  
24 amended (59 Stat. 506; 7 U.S.C. 1312 note), is amended  
25 by deleting the proviso at the end thereof and substituting



1 therefor a new proviso reading as follows: "*Provided*, That  
2 beginning with the 1959 crop, the level of support for  
3 each such kind of tobacco shall not exceed a maximum level  
4 of support determined therefor pursuant to the provisos  
5 in section 101(c) of the Agricultural Act of 1949, as  
6 amended."

Passed the Senate May 21, 1959.

Attest:

FELTON M. JOHNSTON,

*Secretary.*

86TH CONGRESS  
1ST SESSION

**S. 1901**

[Report No. 421]

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# AN ACT

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To amend section 101(c) of the Agricultural Act of 1949 and the Act of July 28, 1945, to stabilize and protect the level of support for tobacco.

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JUNE 1, 1959

Referred to the Committee on Agriculture

JUNE 2, 1959

Committed to the Committee of the Whole House on the State of the Union and ordered to be printed







# Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF  
BUDGET AND FINANCE

(For Department  
Staff Only)

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HIGHLIGHTS; House Rules Committee cleared wheat and tobacco price support bills. Sen. Russell disputed Sen. Williams', Del., statements on USDA appropriation bill.

## SENATE

1. AGRICULTURAL APPROPRIATION BILL, 1960. Sens. Russell and Williams, Del., debated whether the agricultural appropriation bill as passed by the Senate provides more funds than were requested by the Administration, with Sen. Russell terming as "completely in error" a statement by Sen. Williams that the bill "calls for the expenditure next year of \$220 million over and above the amount which the administration requested in its budget estimate." Sen. Russell stated that certain items in the bill were authorizations, not appropriations, and inserted tables showing advance authorizations and appropriations for the conservation reserve and ACP programs for previous years. pp. 8874, 8875-80
2. EGG PRICES. Sen. Neuberger discussed "the disaster which has struck egg and poultry producers in our States," and inserted the text of a letter he sent to this Department urging "steps to assist in alleviating this situation," and inserted two articles discussing the situation. pp. 8851-4
3. FORESTRY. Sen. Murray commended the work of the Forest Service in the reforestation of Teakettle Mountain, Mont., and urged enactment of legislation for the establishment of a Youth Conservation Corps to aid in forestry conservation. pp. 8858-9

4. LIVESTOCK. Sen. Hruska paid tribute to the Union Stockyards Co., of Omaha, Nebr., on its 75th anniversary, for "its steadfast and competent service to the livestock industry," and inserted an address by the president of the Co. pp. 8841-3

HOUSE

5. WHEAT. The Rules Committee reported a resolution for consideration of H. R. 7246, to revise acreage allotments and price supports for wheat (See Digest 82, item 8, and Digest 81, item 24, for a summary of the bill), p. D437
6. TOBACCO. The Rules Committee <sup>Voted to</sup> report ~~a~~ resolution for consideration of S. 1901, to modify price supports for tobacco (See Digest 82, item 1, for purpose of bill). p. D437
7. WATER POLLUTION. Began debate on H. R. 3601, to amend the Federal Water Pollution Control Act to increase grants for construction of sewage treatment works and to establish the Office of Water Pollution Control. Rep. Blatnik quoted Secretary Benson as saying "we have got to stop wasting water." (p. 8912). pp. 8911-12, 8912-44
8. RECLAMATION. Rep. King criticized the "no new starts policy which the Administration proposed in its budget requests," stressed the "importance of reclamation" and stated that the charge that reclamation is responsible for farm surpluses is "not true" and that surpluses are a "temporary problem." pp. 8947-8
9. PERSONNEL. A subcommittee of the Judiciary Committee voted to report with amendment (but did not actually report) H. R. 3283, to provide for the defense of suits against Federal employees arising out of their operation of motor vehicles in the scope of their employment. p. D437
10. PATENTS. A subcommittee of the Judiciary Committee voted to report (but did not actually report) H. R. 2739, to fix the fees payable to the Patent Office on patents, and H. R. 4059, with amendment, to amend title 28 of the U. S. Code to protect copyrights from Government infringement. p. D437
11. APPROPRIATIONS. Received from the President a supplemental appropriation estimate of \$295,285,072 for fiscal year 1959 and \$47,785,670 for fiscal year 1960 for various agencies (H. Doc. 169). The proposal does not include any items for this Department. pp. 8966-7
12. WATER TRANSPORTATION. Rep. Shelley stated that despite statutes such as sec. 901 (b) of the Merchant Marine Act of 1936, as amended, "which provides that at least 50% of Government sponsored cargoes /such as surplus grain moving under P. L. 480/ shall be carried on privately owned U. S. flag vessels," the "USDA, ICA, and the Department of State have, for various reasons best known to themselves, engaged in actions inconsistent with and in derogation of the purpose of the legislation," charged that certain agencies "have apparently been more concerned in furthering the interests of foreign merchant marines," and urged "prompt legislative action to prevent the extinction of the tanker segment of our American merchant marine." pp. 8961-2

ITEMS IN APPENDIX

13. SURPLUS COMMODITIES. Sen. Byrd, W. Va., inserted his statement before the Senate Agriculture and Forestry Committee favoring proposed legislation to expand the distribution of surplus food to the needy. pp. A4751-2







June 5, 1959

1. TOBACCO. The Rules Committee formally reported a resolution for consideration of S. 1901, to modify price supports for tobacco. (See Digest 82, item 1, for purpose of this bill. The Committee voted to report this resolution on June 4.) p. 9096
2. MUTUAL SECURITY. The Foreign Affairs Committee reported without amendment H.R. 7500, to amend further the Mutual Security Act of 1954, as amended (H. Rept. 440). p. 9096
3. FEDERAL-STATE RELATIONS. The Rules Committee reported a resolution for consideration of H.R. 3, to establish rules of interpretation governing questions of the effect of acts of Congress on State laws (p. 9096). This bill provides that no act of Congress shall be construed as indicating an intent on the part of Congress to occupy the field in which such act operates, to the exclusion of all State laws on the same subject matter, unless such act contains an express provision to that effect, or unless there is a direct and positive conflict between such act and a State law so that the two cannot be reconciled or consistently stand together.
4. LEGISLATIVE PROGRAM. Rep. McCormack stated that on Mon. the House would continue consideration of H. R. 7509, the public works appropriation bill, and H. R. 4283, exemption of certain officials from the D. C. tax, and that on Tues. and the balance of the week it would consider H. R. 3610, the water pollution bill, H.R. 7246, the wheat price support bill, S. 1901, the tobacco price support bill, and H. R. 3, rules of interpretation concerning the effect of acts of Congress on State laws. p. 9075
5. APPROPRIATIONS; ALASKA. Received from the President an appropriation estimate for the fiscal year 1960 of \$10,500,000 for transitional grants to Alaska (H. Doc. 170). p. 9095
6. EXPENDITURES. Rep. Flynn criticized administration fiscal policies, including a reference to "squandering" of funds through this Department. pp. 9091-4
7. ADJOURNED until Mon., June 8. p. 9095

ITEMS IN APPENDIX

8. FOREIGN AID. Sen. Kennedy inserted an editorial commenting on the proposed mutual security bill for 1959, "The Struggle Over Foreign Aid--Long-term and Year-to-Year Plans Divide Capitol and Administration." pp. A4807-8
9. RECREATION. Extension of remarks of Sen. Neuberger urging enactment of his proposed bill S. 2010, to provide for the creation of three national shoreline parks and inserting an editorial favoring this proposed bill. p. A4812
10. WATER POLLUTION. Speeches in the House by Reps. Dingell and Price during debate on H. R. 3610, to amend and extend the Federal Water Pollution Control Act. pp. A4813, A4835
11. BUDGET. Extension of remarks of Rep. Springer stating that "many of us in the House have been contending for the last several years that many Federal programs were getting out of hand because the Appropriations Committees in the House and Senate were being by-passed by authorization committees drawing on the Federal Treasury," and inserting an editorial in support of his viewpoint. p. A4822



22. SURPLUS COMMODITIES. Extension of remarks of Sen. Hart inserting his statement before the Senate Agriculture and Forestry Committee dealing with the problem of expanding our domestic food for the needy programs, together with a Michigan State memorandum describing the operations of this program in Michigan during the last several years. pp. A4824-6
23. EGG PRICES. Extension of remarks of Rep. Hoeven commending this Department's programs of assistance to poultry and egg producers, and inserting this Department's letter to the House Agriculture Committee reviewing the present poultry situation. pp. A4832-4
24. RECLAMATION. Extension of remarks of Rep. Moss inserting an editorial, "Land Limitation Should Be Kept In Right Order," discussing the application of the 160-acre limitation to lands to be served by the proposed San Luis project in Calif. p. A4851

#### BILLS INTRODUCED

25. PUBLIC DEBT. S. 2121, by Sen. Saltonstall, to provide for systematic reduction of the public debt; to Finance Committee. Remarks of author pp. 8971-3.  
H. R. 7583, by Rep. Baring, and H. R. 7589, by Rep. Sikes, to amend section 21 of the Second Liberty Bond Act to provide for the retirement of the public debt; to Ways and Means Committee.  
H. Con. Res. 197, by Rep. Baring, and H. Con. Res. 199, by Rep. Sikes, expressing the sense of the Congress with respect to a program for paying the national debt; to Ways and Means Committee.
26. BUDGET; OBLIGATIONS. S. 2122, by Sens. Saltonstall and Byrd, Va., to require semiannual reports by the Secretary of the Treasury with respect to the financial commitments and contingencies of the Government; to Government Operations Committee. Remarks of Sen. Saltonstall pp. 8973-5.
27. PERSONNEL. H. R. 7594, by Rep. Williams, to provide for the filing with the head of each department, agency, or instrumentality of the United States, the State of legal residence or domicile of all civilian and military officers and employees of the United States serving with such department, agency, or instrumentality; to Post Office and Civil Service Committee.  
H. R. 7607, by Rep. Perkins, to provide disability retirement benefits for civilian employees of the Government in certain additional cases; to Post Office and Civil Service Committee.
28. SURPLUS PROPERTY. H. R. 7584, by Rep. Baring, to provide that surplus personal property of the United States may be donated to the States for the promotion of fish and wildlife management activities; to Government Operations Committee.
29. FORESTRY. H. R. 7585, by Rep. Curtis, Mo., to authorize an increased program of research in forestry and forest products; to Agriculture Committee.
30. INFORMATION. H. R. 7606, by Rep. Osmer, to limit the acquisition and use by civilian agencies of the Federal Government of equipment for reproducing documents, drawings, papers, and so forth, on sensitized materials; to House Administration Committee.
31. APPROPRIATIONS. H. J. Res. 417, Joint resolution proposing an amendment to the Constitution of the United States to require every appropriation measure to be accompanied either by a revenue-producing measure, or a certification that revenues will be produced to cover the cost of the appropriation measure; to Judiciary Committee.

## CONSIDERATION OF S. 1901

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JUNE 3, 1959.—Referred to the House Calendar and ordered to be printed

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MR. TRIMBLE, from the Committee on Rules, submitted the following

### R E P O R T

[To accompany H. Res. 286]

The Committee on Rules, having had under consideration House Resolution 286, report the same to the House with the recommendation that the resolution do pass.







## House Calendar No. 81

86TH CONGRESS  
1ST SESSION

# H. RES. 286

[Report No. 439]

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### IN THE HOUSE OF REPRESENTATIVES

JUNE 5, 1959

Mr. TRIMBLE, from the Committee on Rules, reported the following resolution ;  
which was referred to the House Calendar and ordered to be printed

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## RESOLUTION

1       *Resolved*, That upon the adoption of this resolution it  
2 shall be in order to move that the House resolve itself into  
3 the Committee of the Whole House on the State of the  
4 Union for the consideration of the bill (S. 1901) to amend  
5 section 101 (c) of the Agricultural Act of 1949 and the Act  
6 of July 28, 1945, to stabilize and protect the level of support  
7 for tobacco. After general debate, which shall be confined  
8 to the bill, and shall continue not to exceed two hours, to  
9 be equally divided and controlled by the chairman and rank-  
10 ing minority member of the Committee on Agriculture, the  
11 bill shall be read for amendment under the five-minute rule.  
12 At the conclusion of the consideration of the bill for amend-

1 ment, the Committee shall rise and report the bill to the  
 2 House with such amendments as may have been adopted,  
 3 and the previous question shall be considered as ordered on  
 4 the bill and amendments thereto to final passage without  
 5 intervening motion except one motion to recommit.

House Calendar No. 81

86<sup>TH</sup> CONGRESS  
1<sup>ST</sup> SESSION

**H. RES. 286**

[Report No. 439]

## RESOLUTION

Providing for the consideration of S. 1901, a bill to amend section 101 (c) of the Agricultural Act of 1949 and the Act of July 28, 1945, to stabilize and protect the level of support for tobacco.

By Mr. TRIMBLE

JUNE 5, 1959

Referred to the House Calendar and ordered to be printed







# Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF  
BUDGET AND FINANCE

(For Department  
Staff Only)

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HIGHLIGHTS: House debated tobacco price support bill. Sen. Symington criticized Secretary for not submitting "concrete recommendations" on farm program. House passed public works appropriation bill. Sen. McNamara introduced and discussed bill to extend child labor law to farm labor. Sen. Neuberger introduced and discussed bill to provide donation of surplus foods to State penal institutions. Sen. Allott and Rep. Poage introduced and Sen. Allott discussed bill to simplify and codify USDA authority to make and insure farm loans.

## HOUSE

1. TOBACCO. Began debate on S. 1901, to modify price supports for tobacco (pp. 9333-46). Pending at adjournment was an amendment by Rep. Hoeven to provide for a 3-year freeze on tobacco price supports at the 1958 level for the 1959, 1960, and 1961 crops (p. 9346). Rep. Hoeven explained that his amendment was "an attempt to get legislation which will be acceptable to the administration and which will be of benefit to the tobacco farmers of America without returning supports to the old formula" (p. 9337).

2. APPROPRIATIONS. Passed, 380 to 20, with amendments H. R. 7509, the public works appropriation bill for 1960. Rejected, 149 to 251, a motion by Rep. Taber to recommit the bill to the Appropriations Committee. pp. 9323-6

3. WATER POLLUTION. Passed, 254 to 142, as reported H. R. 3610, to amend the Federal Water Pollution Control Act to increase grants for the construction of sewage treatment works and to establish the Office of Water Pollution Control. Rejected, 156 to 240, a motion by Rep. Cramer to recommit the bill to the Public Works Committee. pp. 9322-3
4. TRADEMARKS; MARKETING. The Interstate and Foreign Commerce Committee reported with amendment H. R. 1253, to amend the Federal Trade Commission Act so as to equalize rights in the distribution of merchandise identified by a trademark, brand, or trade name (H. Rept. 467). p. 9355
5. RECLAMATION. A subcommittee of the Interior and Insular Affairs Committee voted to report with amendment H. R. 804, to authorize the construction of the Spokane Valley Federal reclamation project, Wash. and Ida. p. D454
6. PUBLIC BUILDINGS. A subcommittee of the Public Works Committee voted to report with amendment H. R. 5404, to grant GSA additional authority for the construction, alteration, and acquisition of Federal buildings. p. D454
7. CONTRACTS; ADMINISTRATIVE MANAGEMENT. The "Daily Digest" states that the Manpower Utilization Subcommittee of the Post Office and Civil Service Committee voted to report to the full committee a report, "Contracting Out Government Responsibility for Administrative Management, and Other Services." p. D454
8. FEDERAL-STATE RELATIONS. Rep. Fountain inserted a press release announcing hearings to be held June 16-19 on bills to establish a permanent Advisory Commission on Inter-governmental Relations. p. 9353
9. SUGAR. Rep. Mumma inserted the text of a letter discussing the possibility of the Cuban Government confiscating American sugar plantations in Cuba. pp. 9349-50
10. FISH AND WILDLIFE. Reps. McGovern, Dingell, and Burdick criticized "the reduction in the budget request to finance studies by the Fish and Wildlife Service in the Missouri Basin" which was "designed to provide adequate planning for fish and wildlife resources ... by the Corps of Engineers, the Bureau of Reclamation, and the Department of Agriculture in 1960." pp. 9326-7

#### SENATE

11. MILK. Sen. McCarthy criticized this Department's issuance of a milk marketing order as establishing "for practical purposes, a monopoly for Virginia and Maryland milk producers in the District of Columbia and in the several counties surrounding it" and excluding "milk producers from other States from contracting with Federal installations to supply milk," and inserted an article on the subject. pp. 9252-3  
Sen. Proxmire inserted a resolution from the Wis. Legislature requesting legislation insuring that "milk and milk products produced within Federal requirements will have free flowage in interstate commerce." pp. 9254-5, 9226-7
12. FARM PROGRAM. Sen. Symington criticized Secretary Benson for not submitting any "concrete recommendations" for dealing with the farm program and inventory and stated that it is "nearly 4 months since the Secretary assured the Senate he would submit an omnibus bill" and that "the Secretary and the administration do not really know what kind of farm program they want." pp. 9261-2



pursuant to an election made for a taxable year beginning in 1958, the basis adopted is the approximate revaluation basis, then the taxpayer may change, without the consent of the Secretary or his delegate, to the exact revaluation basis for its first taxable year beginning after 1958.

The House recedes.

Amendment No. 53: Under both the House bill and Senate amendments, a transitional rule is provided where the method of accounting required to be used in computing the taxpayer's taxes for 1958 is different from the method used in computing its taxes for 1957. Senate amendment No. 53 adds the following two provisions to the transitional rule:

(1) section 804(b) of the 1954 code, as in effect for 1957, and relating to the special ceiling on the reserve and other policy liability deduction, shall not apply with respect to any amount required to be taken into account by reason of the transitional rule, and

(2) the amount of the deduction allowed by section 805 of the 1954 code, as in effect for 1957, and relating to the special interest deduction, shall not be reduced by reason of any amount required to be taken into account by reason of the transitional rule.

The House recedes.

Amendment No. 55: Subsection (c) of section 819, as contained in the House bill, provided a rule for determining, in the case of a foreign life insurance company, the amount of distributions to shareholders for purposes of sections 815 and 802(b)(3). This rule takes into account the minimum figure ascertained for the taxpayer for the taxable year under section 819(b)(2).

Senate amendment No. 55 provides an alternative rule (based on the relationship of insurance liabilities on U.S. business to the total insurance liabilities of the company) for determining the amount of distributions to shareholders. Under the amendment, the taxpayer may elect for each taxable year which of the two rules will apply.

The House recedes.

Amendment No. 56: This amendment, for which there is no corresponding provision in the House bill, adds a new section 820 which provides an optional treatment for policies reinsured under modified coinsurance contracts. Subsection (a) of the new section 820 contains a general rule providing that insurance and annuity policies reinsured under a modified coinsurance contract (as defined in subsec. (b) of the new sec. 820) will, in general, be treated as if they were reinsured under a conventional coinsurance contract.

This optional treatment applies with respect to any policy reinsured under a modified coinsurance contract only if the reinsured company and the reinsurer company consent to such treatment for all policies reinsured under the modified coinsurance contract and consent to the application of the special rules set forth in subsection (c) of the new section 820 and the special rules prescribed by the Secretary of the Treasury or his delegate under the authority contained in such subsection.

Subsection (c) of the new section 820 sets forth special rules for the application of the general rule contained in subsection (a) (1) of the new section. In general, these rules provide that the income (including capital gains), reserves and assets, expenses, and policy holders dividends attributable to the portion of a policy reinsured under a modified coinsurance contract will be treated as the income, etc., of the reinsurer company, rather than of the reinsured company. The Secretary of the Treasury or his delegate is authorized to prescribe additional special rules.

The House recedes.

Amendment No. 58: This amendment, for which there is no corresponding provision in the House bill, amends section 6501(c)

of the 1954 Code to extend the period during which the tax resulting from certain distributions, or from the termination as a life insurance company or as an insurance company, may be assessed. Under the amendment such period is not to expire before the expiration of the applicable 3-year period provided in the amendment.

The House recedes.

Amendment No. 60: This amendment adds a new subsection (i) to section 3 of the House bill. The new subsection (i) provides for the filing of income tax returns by life insurance companies, with respect to their 1958 income tax liabilities, on or before September 15, 1959 (in lieu of on or before March 15, 1959, as required by sec. 6072(b) of the 1954 Code). The returns made pursuant to the new subsection (i) are to constitute the returns for 1958 for all purposes of the 1954 Code. Under this amendment, all payments of tax made by life insurance companies prior to September 15, 1959, with respect to their 1958 income tax liabilities shall (to the extent such payments have not been credited or refunded) be deemed to be payments made on that date. Accordingly, no interest shall be payable on any underpayment or overpayment of 1958 income tax liabilities prior to that date. This amendment further provides that the full amount of any remaining 1958 income tax shall become due and payable on September 15, 1959.

The House recedes with clerical amendments.

W. D. MILLS,  
AIME J. FORAND,  
CECIL R. KING,  
RICHARD M. SIMPSON,  
N. M. MASON,

*Managers on the Part of the House.*

#### PERMISSION TO SIT DURING GENERAL DEBATE IN THE HOUSE

Mr. PERKINS. Mr. Speaker, I ask unanimous consent that the Subcommittee on Labor Management Relations of the Committee on Education and Labor may be permitted to sit during general debate in the House this afternoon.

The SPEAKER. Is there objection to the request of the gentleman from Kentucky?

There was no objection.

#### TOBACCO PRICE SUPPORT

Mr. TRIMBLE. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 286 and ask for its immediate consideration.

The Clerk read as follows:

*Resolved*, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (S. 1901) to amend section 101(c) of the Agricultural Act of 1949 and the Act of July 28, 1945, to stabilize and protect the level of support for tobacco. After general debate, which shall be confined to the bill, and shall continue not to exceed two hours, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Agriculture, the bill shall be read for amendment under the five-minute rule. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommend.

Mr. TRIMBLE. Mr. Speaker, I yield 30 minutes to the gentleman from Ohio [Mr. Brown] and yield myself such time as I may consume.

The SPEAKER. The gentleman from Arkansas is recognized.

Mr. TRIMBLE. Mr. Speaker, House Resolution 286 makes in order the consideration of S. 1901, which would amend section 101(c) of the Agricultural Act of 1949 and the act of July 28, 1945, to stabilize and protect the level of support for tobacco. This resolution provides for an open rule and 2 hours of debate.

S. 1901 is identical to H.R. 5058, as amended and reported by the House Committee on Agriculture. It provides that the level of price support in dollars and cents for any kind of tobacco, with certain exceptions, shall not exceed that established for the 1958 crop until 90 percent of parity computed as provided by the bill, as of the beginning of the marketing year for any crop, exceeds the lower of, first the 1958 support level, or second, 90 percent of parity computed as provided by existing law. Beginning with such crop, the support level will be fixed at 90 percent of parity computed by whichever of the two methods results in the lower price. The method of computing parity provided by this bill is generally similar to that used prior to the enactment of the Agricultural Act of 1948, using the base periods specified in the law at that time both in determining the base period price for the commodity and in computing the parity index. The method of computing parity provided by the bill would be applicable only for the purposes of the bill. The bill would not make any change in the method of computing parity prices of tobacco for any other purpose.

The Agricultural Act of 1948 modified the parity formula so that the parity prices of the various agricultural commodities would reflect the price relationships between such commodities during the immediately preceding 10 years. The effect of this so-called modernized parity formula has been to increase the parity price of tobacco.

Tobacco support prices, which are fixed at 90 percent of parity when marketing quotas are in effect, have increased correspondingly and the industry has generally agreed that continuing increases would not be in the interest of this segment of our agricultural economy. Tobacco producers, warehousemen, and exporters believe present general price levels for tobacco are reasonable, and therefore the House Agriculture Committee recommends enactment of S. 1901. With this adjustment tobacco support prices will continue to have a stabilizing effect on price and income in the industry.

I urge the adoption of this resolution.

Mr. BROWN of Ohio. Mr. Speaker, as the gentleman from Arkansas has stated, this resolution, House Resolution 286, makes in order the consideration of the bill S. 1901, the so-called tobacco bill, under an open rule with 2 hours of general debate. This is one of two measures that will be before the House today and



tomorrow dealing with agricultural problems.

First, of course this bill S. 1901, deals with tobacco and the price supports to be paid on tobacco, as well as the control of tobacco acreage allotments. The second measure will deal with wheat acreage allotments, support prices, and so forth.

I wish to take this opportunity, before discussing the tobacco bill, to say that it is a great farm dilemma which confronts, not only the Congress, but also the country as a whole. It is a growing problem. There is some politics in it at times, and at other times, none.

I would like to point out, if I may, coming as I do from a substantially agricultural district, that four-fifths of agriculture is free of any Government controls of any kind, and has been doing very well. It is in the areas where the Government has been the most solicitous, and has interfered the most, that there have been the greatest difficulties as far as farm problems are concerned. The attempts by Government to control production and to fix prices at artificial levels have been quite futile, in most cases during recent years, as I am sure most of you will admit.

However, despite the recommendations of the present administration in power—the Eisenhower administration—the old rigid program of price supports has been pretty well kept in effect upon a very few crops. There have been very few changes made in farm legislation during recent years. I am not at all certain we can expect, at this session of the Congress, any overall labor reform legislation, certainly in view of the situation which exists now.

The old basic crop or farm legislation, as I say, has been kept on the books through the years, although amended slightly now and then, but it does not fit the needs of the average small farmer. As I come from Ohio where we have a great many small farms, and family-size farms, I, of course, am particularly interested in the needs of the small farmer.

As we go into the discussion of these great problems and issues which will come before us in these two measures, we ought to remember that, despite the fact—and I am saying this simply out of fairness to the man, because I have not always agreed with him—many people have attacked the Secretary of Agriculture, and condemned Secretary Benson for that which has been going on in the field of agriculture, and for the many heavy farm benefits that are paid. I have read a number of newspaper stories about how Mr. Benson was responsible for somebody getting \$260,000, or \$2,600,000, or some outlandish amount of money, out of the Federal Treasury because of our present farm program. So, we ought to keep in mind that this bill is not a part of the Benson program. He has been asking Congress for a good while to take the shackles off of agriculture and to drastically change the present farm program.

The bill which comes before us today, the tobacco bill, will make some slight changes in the present law. Whether it is beneficial, I do not know. Tobacco has

probably made the best record of any crop under our present price control arrangements and laws.

As I understood the information and the testimony which was given before the Rules Committee, actually what this bill will do is to make tobacco the only crop on the old parity formula basis, instead of the new modern parity formula, and while it does continue the principle of giving rather high price supports to the tobacco farmer, in actuality and in effect—if I am wrong, I hope somebody will correct me—will lower a bit the benefits the tobacco farmers may receive.

There is some argument and some conflict as to the cost, or the possible cost, of this proposed program. Frankly, I am not a sufficient expert on the matter to tell you which is right and what is wrong. However, I do know I have just received a telegram from the president of the American Farm Bureau Federation urging that we support an amendment to this bill to be offered by the gentleman from Iowa [Mr. HOEVEN], the ranking Republican member, when it is read under the 5-minute rule for amendment.

Mr. Shuman wires me, and I believe he has wired other members of the committee and of the House, that:

Farm Bureau favors making tobacco prices more competitive in a clean, honest, and understandable manner which would be less costly and more acceptable than Senate 1901.

Now, there again you have—and I think that causes confusion in the minds of many of us—the statement of a great farm leader that this bill would be more costly than the present law. Others testified it would be less costly to the Government if we adopt the provisions of this bill.

For that reason I urge and suggest that when we go into the Committee of the Whole for the consideration of this measure and that we give careful attention to the debate and to the discussion of the bill. As I said in the beginning, there is no minority report filed on the measure. There was some testimony given before the Committee on Rules which was critical of the bill, as well as a great deal of testimony favorable to it. And, as a result of these conflicting arguments and statements, it perhaps is difficult for those of us who do not know tobacco production, and do not come from tobacco-producing districts and areas, to know just what should be done with this bill. But, I do want to report there was no opposition in the Committee on Rules to the rule reporting this bill, and I know of no opposition on the floor to the consideration of the measure, so I join in asking that the resolution making the bill in order be adopted.

Mr. Speaker, I now yield 5 minutes to the gentleman from California [Mr. HOSMER].

(Mr. HOSMER asked and was given permission to revise and extend his remarks.)

Mr. HOSMER. Mr. Speaker, I may be the only one in this body that is opposed to this rule, but I am, and I am opposed to it because it will make in order the consideration of a measure that would

put another patch on this costly, creaking structure of farm price supports that have proved so utterly useless in controlling farm surpluses. I think it is time that somebody started talking about a taxpayers' revolt or at least relief for the taxpayers by getting rid of these programs which have cost \$18 billion in a quarter of a century and have proved a colossal failure. But, you cannot get a bill out of committee to do it, or devise an amendment to bring it to issue on the floor.

Now, I propose a program based on four points. The first point is to get rid of the farm support and subsidy programs immediately.

The second point after that would be to hold a fire sale to get rid of these surpluses that are costing over a billion dollars to store and are worth about \$9 billion.

My third point is to use \$1 billion of the proceeds to relocate the small and inefficient farmers who cannot stay in business without price supports.

My fourth point is to use whatever is left to apply to the national debt and make it possible for us to achieve a tax reduction at a sooner date.

Unless we get rid of them, farm supports will cost around \$5.4 billion this year. That is \$2.2 billion more than the entire Federal budget of 1924 and more than is currently required to support the U.S. Army at a time of national peril. Fifty-five percent of the Nation's farmers have voted in a recent poll for no supports, no controls, no price floors, free and open markets, and to get the Government clear out.

Farm subsidies hit the taxpayers twice, once for increased prices of clothing and food and once again by pirating about 20 cents out of every tax dollar to pay for the programs. It seems to me that our only sensible course is to stop throwing good money after bad and get rid of this mess as fast as we can and return to what the farmers want by a majority vote, a free market in agriculture, as we have a free market in other things. I truly believe if this Congress would follow the majority vote and wishes of the people of the United States it would cease and end this program as of now. I believe it is no less scandalous and no less moral to give people's tax money to big farmers than it would be to give it to United States Steel or General Motors.

Mr. FULTON. Mr. Speaker, will the gentleman yield?

Mr. HOSMER. I yield to the gentleman from Pennsylvania.

Mr. FULTON. Is it not true that with 4.8 million farms in this country, it is averaging more than \$1,000 a farm per year to keep this program going?

Mr. HOSMER. I have not figured it, but I do not doubt the gentleman's statistics.

Mr. BROWN of Ohio. Mr. Speaker, will the gentleman yield?

Mr. HOSMER. I yield to the gentleman from Ohio.

Mr. BROWN of Ohio. I ask the gentleman to yield because in my previous remarks I said that Mr. Shuman, president of the Farm Bureau, was from one of the Southern States. Since I re-



turned to my desk I have been informed, of course, as I well knew, that he was from Illinois. I had him confused in my mind with Mr. O'Neill, of Alabama, who was for many years president of the Farm Bureau. I wish to make this correction in order that I might not be called to order on the floor for remarks made previously.

Mr. TRIMBLE. Mr. Speaker, I move the previous question.

The previous question was ordered.

The SPEAKER. The question is on the resolution.

The resolution was agreed to.

Mr. COOLEY. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for consideration of the bill (S. 1901) to amend section 101(c) of the Agricultural Act of 1949 and the act of July 28, 1945, to stabilize and protect the level of support for tobacco.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill S. 1901, with Mr. DELANEY in the chair.

The Clerk read the title of the bill.

By unanimous consent, the first reading of the bill was dispensed with.

Mr. COOLEY. Mr. Chairman, I yield myself 5 minutes.

Mr. Chairman, I shall try to be brief. This is a very important problem we are dealing with today. We think that by this bill we are doing exactly what the President of the United States indicated should be done when he presented his agriculture message to Congress on January 29, 1959. In speaking of tobacco, the President said this:

The present old laws result in price support at continually rising levels.

That is a clear indication that he would like us to do something that would prevent price supports from continually rising. That is the very purpose of this legislation.

The idea did not originate with the President, however. Last fall I appointed a small subcommittee of the House Committee on Agriculture and authorized the subcommittee to investigate and to make on-the-spot studies of the situation in foreign countries to determine what, if anything, could be done to expand our export markets for tobacco. That subcommittee was headed by the gentleman from Kentucky [Mr. WARREN]. The subcommittee, after making the trip and conferring with officials of our own and foreign countries and with people in the tobacco trade, came back and filed the most comprehensive report ever written on the subject of tobacco.

The farm organizations of the tobacco-growing area, everyone in the tobacco industry—the farmers, the auction warehousemen, the tobacco buyers, and the exporters and manufacturers—all came together and appointed an industrywide committee composed of 18 men. I conferred with the committee and then immediately arranged for a subcommittee hearing.

The gentleman from Virginia [Mr. ABBITT] is chairman of the Tobacco

Subcommittee of our Committee on Agriculture, and he held hearings in our committee room. After carefully surveying the situation and after the matter had been widely publicized over the radio, television, and through the newspapers, I did not receive one objection to the proposals contained in this legislation. Actually, I was a little apprehensive and thought that we would meet with objection, because the bill will actually prevent an increase in the price support levels for tobacco. I cannot see how anyone can object to our preventing an increase in the financial burdens now being borne by the Federal Government in connection with the farm program.

I received a letter from the Secretary of Agriculture. I shall not delay long enough to read it, but I call your attention to it in the report. In reporting upon a bill introduced by Congressman JENNINGS, of Virginia, the Secretary of Agriculture did not indicate his opposition but merely said in effect that the bill did not go far enough. He meant by that that it was a step in the right direction but it did not reduce the price support level for tobacco. After considering the Jennings bill as it had been originally introduced we came to the question of what parity formula would be used in calculating price supports for tobacco, whether we would continue under the new parity, modernized parity, which would result in continually increasing price support levels, or whether we would go back to old parity and prevent an increase. So to satisfy those who objected to tobacco returning to old parity while other crops remained under the new parity, we have provided in the bill that the Secretary should make his calculations under both the old formula and the new formula and use the lower of the two.

I do not know of any other group of producers of any other commodity that is willing to accept the provisions of this bill. If wheat producers, or the corn producers, are willing to accept these provisions, I am perfectly willing to vote in favor of conferring authority upon the Secretary to deal with the problems of producers of other commodities.

But, let me call your attention to one thing. Tobacco is important as a tax revenue producing proposition. Federal, State, and local taxes collected on tobacco products amount to \$2,500 million a year. Thus, each acre of tobacco cultivated in the United States yields, by the time it is used by consumers, \$2,500 in taxes to help finance Federal, State and local governments. Just imagine it.

The farmer receives for the tobacco in this package of cigarettes which I hold in my hand, slightly more than one penny. It is one and one-tenth cents that the farmer receives for the tobacco which goes into this package of cigarettes; yet, the consuming public pays on the average 25 cents a pack.

If the farmer produced the tobacco and gave it to the cigarette manufacturers this would affect the price of cigarettes little, if any at all.

The \$2,500 million in taxes collected on tobacco each year would pay for all

farm price support programs, with money to spare.

It is strange to see a group of farmers and producers and exporters and manufacturers all here asking the Congress to prevent increases in price supports. We realize that the support prices have gone too high. I shall not take the time to explain to you how this has come about, but I will yield to my colleagues who are entirely familiar with it and then they will explain to you just why tobacco, as a commodity, is now in a unique position.

Mr. JONAS. Mr. Chairman, will the gentleman yield?

Mr. COOLEY. I yield.

Mr. JONAS. The gentleman stated that it was unusual to see this action which is supported by the tobacco growers and the industry, and I agree that it is. But, I think the members of the committee would like the chairman of the committee to explain why the tobacco growers and producers and other people connected with the industry are willing to accept a reduced price support program.

Mr. COOLEY. I thank my friend for the suggestion.

The idea is to prevent our commodity from being priced out of the markets of the world and to bring about a stability in prices so that the users of our tobacco in foreign countries can maintain a blended cigarette and know that next year the prices will not be skyrocketing up and up and up. The reason for that increase in the price support level will be explained by one of the members of our committee.

In closing my remarks, I would like to call the attention of the House to what happened in the other body. On May 21, this bill before us today passed the other body on a voice vote. On page 7866 of the Record there is a long list of the organizations that are supporting this legislation. I might say that the farm organizations and all of the major tobacco growing areas are supporting this bill. I hope the bill will be adopted without opposition.

Mr. HOEVEN. Mr. Chairman, I yield myself 15 minutes.

(Mr. HOEVEN asked and was given permission to revise and extend his remarks.)

Mr. HOEVEN. Mr. Chairman, I am no expert on tobacco. In fact, I never saw a tobacco plant growing until I became a Member of the Congress and was assigned to the Committee on Agriculture. No tobacco is grown in my area or in the State of Iowa. We have here a bill which is commendable in several respects in that it does try to reduce the support level. But, on the other hand, there are some objectionable features that I want to call to your attention. Before I forget it, my good chairman made reference to the fact that the Secretary of Agriculture in a report on the bill H.R. 5058, I believe the first bill that came to the attention of our committee in which the Secretary did say this was a step in the right direction, but subsequent to that time under date of May 25, the chairman also received a letter from the Secretary of Agriculture, as follows:



DEPARTMENT OF AGRICULTURE,  
OFFICE OF THE SECRETARY,  
Washington, May 25, 1959.

Hon. HAROLD D. COOLEY,  
House of Representatives.

DEAR CONGRESSMAN COOLEY: Inquiries to the Department indicate there is some doubt as to whether or not the Department favors passage of H.R. 5058 concerning tobacco price supports.

In order to further clarify our position it should be understood that in our view the bill is inadequate. It will not accomplish the adjustment needed to regain lost markets and preserve existing ones.

It would result in a dual standard of parity prices. Old parity would be used for tobacco, whereas new parity would be used for other commodities. If we are to use parity price as a standard for price support, we should use the same formula for all commodities. You can understand, therefore, that the Department does not approve of the proposed use of old parity for tobacco.

Therefore the bill in its present form should not pass.

Sincerely yours,

EZRA TAFT BENSON.

(Copy to Hon. CHARLES B. HOEVEN.)

Now we have here a proposition which I think I can sum up in this phraseology: A proposition of having your cake and eating it too. In other words, keep price supports from rising in order to save tobacco exports, but at the same time preserve the symbol of 90 percent of parity now retained by tobacco alone, and if we are to use parity price as a standard for price support we should use the same formula for all commodities. That is a matter of equity, of course.

Mr. Chairman, in order to dispel any doubt concerning the nature and origin of this legislation, I would like to briefly trace the legislative history of this bill. This legislation was first introduced on February 26, 1959, as H.R. 5058 by the distinguished gentleman from Virginia [Mr. JENNINGS]. As originally introduced, the bill simply froze the level of support for most kinds of tobacco at the lower of the 1958 level or 90 percent of modernized parity until 90 percent of old parity exceeded the 1958 level. Thereafter, price supports for tobacco would have been established solely on the basis of old parity.

On April 9, the tobacco subcommittee ordered H.R. 5058 reported to the full Committee on Agriculture with two amendments. The first amendment was designed to make it clear that the bill would apply to Fire-cured, Dark-Air-cured, and Virginia Sun-cured tobacco, since price supports on these tobaccos are based on a percentage of the support rate for burley tobacco. The second amendment provided that in computing old parity as provided in the bill, the modernized parity index would be used. The reason given for using the modernized parity index—which includes wage rates, interest, and taxes—in the old parity formula was to prevent unnecessary bookwork and administrative duplication within the Department of Agriculture.

H.R. 5058 was considered by the full committee on April 16 and was ordered reported by a 21 to 10 vote which incorporated the subcommittee amendments. An amendment to provide a 3-

year freeze of price support at the 1958 level was defeated 20 to 11.

After it became apparent that this bill would not pass the House on either the consent calendar or by suspension of the rules, it was brought back to the full committee for reconsideration. The full committee on April 28 further amended the bill and again reported it to the House. The bill was reported to the House on May 5 in House Report No. 329. The final committee amendment was for all practical purposes a play on words. This final amendment merely froze price supports at the 1958 level until 90 percent of old parity exceeds the lower of either the 1958 level or 90 percent of modernized parity. Thereafter, price supports would have been based on the lower of old or modernized parity.

It again became apparent to the sponsors of this legislation that it would become difficult to pass the House bill, it was introduced in the other body as S. 1901. As pointed out in Senate Report No. 297, S. 1901 is identical to H.R. 5058 and, with the exception of a technical amendment adopted on the floor, the other body passed S. 1901 on May 21. In other words, we are considering H.R. 5058 by the circuitous route of the other body.

S. 1901 was then considered by the House Committee on Agriculture and ordered reported to the House on June 1, 1959. The Committee on Rules has denied our distinguished chairman's request for a closed rule and the bill is before us today on a 2-hour open rule.

Mr. Chairman, I am opposed to S. 1901 for two reasons. The first reason is that this bill sets a very bad precedent for other commodities in returning tobacco price support calculations to the old parity formula. The second reason is that this unduly complicated and complex bill will do nothing more than fool our tobacco farmers and the public in general.

I would like to draw your attention to some of the reasons why we are today considering this bill which lowers price supports for tobacco. I want to make it clear, however, that I sympathize fully with the desire of the tobacco industry to obtain a sound program. I compliment them on their awareness of the shortcomings of the present program and their desire to move more tobacco into consumption, rather than into the Government's hands. I have supported the tobacco program in the past because of differences between tobacco and other commodities, and above all because tobacco farmers have been willing to adjust their production in an attempt to keep supplies in line with demand. This bill is before us today simply because the tobacco program is in trouble. Three real reasons exist. These reasons are:

First. Price supports based on 90 percent of a constantly increasing parity formula will continue to rise. In other words, price supports as expressed in dollars and cents can do nothing but continue to rise under the present program.

Second. The impact of foreign competition is severe. Other tobacco-producing countries are increasing their acreage under the U.S. umbrella of high price supports and selling more and more tobacco in the world market.

Third. The awesome reality of even further acreage allotment cuts now again faces the American tobacco farmer.

First. The parity formula: Under present law most kinds of tobacco are supported at 90 percent of parity, and I wish to emphasize that this is 90 percent of what is called new or modernized parity. Under present law this modernized parity formula has been constantly rising because of a variety of reasons. These reasons include increased demand for cheaper grades, prices holding above the support level, prices for all farm products being considerably less than 90 percent of parity, and the statistical interplay of these economic factors on the parity formula. Whatever the reason may be for the increase, the plain fact is that modernized parity for tobacco has increased, with the result that price supports based on the modernized formula have also increased. For example, full parity in 1958 on Flue-cured tobacco was 60.7 cents per pound. Reliable projections indicate that this could climb some 12 cents a pound, or all the way up to 72.7 cents per pound by 1963, unless an adjustment is made. The second reason that S. 1901 is before us today is the severe impact of foreign competition. Our tobacco exports have been declining for the past 4 years, while at the same time world consumption has been increasing. For example, Rhodesia and Nyasaland have increased their exports of Flue-cured tobacco from 72 million pounds per year in the 1947-51 period to 117 million pounds in 1958. American Flue-cured tobacco accounted for 73 percent of the world market in the 1947-51 period. In 1958 it was down to only 52 percent. Let us take a further look at what foreign tobacco farmers have been doing to take advantage of our rigid high price-support program. In 1958 foreign nations produced around 1.8 billion pounds of Flue-cured tobacco, about 100 million pounds more than 1957, 200 million pounds more than 1956, and 1.3 billion pounds more than they produced before World War II. The third main reason for the presence of this legislation today is to forestall a further acreage allotment cut for our tobacco farmers. As repeatedly pointed out by our distinguished chairman, tobacco farmers have taken a 37-percent cut in the past 3 years. I agree with him that they should not take further cuts, especially in view of the fact that in 1957 the average-sized burley allotment in the United States was only 1.02 acres and the average Flue-cured allotment was only 3.37 acres. These small farmers should be able to look with hope toward the chance to increase their allotments. S. 1901 gives them no such hope.

Mr. SPRINGER. Mr. Chairman, will the gentleman yield?

Mr. HOEVEN. I yield to the gentleman from Illinois.



Mr. SPRINGER. May I say to the distinguished Member from Iowa that I, too, have no tobacco in my district, and I would merely like to do the right thing on this bill, as I am seriously interested in all facets of agriculture. I understand from talking to some of the other members of the committee that it may resolve itself into a question of semantics over how you are going to do this thing. However, I would like to read a telegram here which comes from a constituent of mine, Charles B. Shuman, president of the American Farm Bureau Federation, which is as follows:

Mr. HOEVEN. May I interject there? The gentleman from Ohio [Mr. BROWN], has already inserted the telegram in the RECORD in considering the rule.

Mr. SPRINGER. May I ask this question? Is it the opinion of the gentleman from Iowa, then, that this will in effect ultimately raise the price of tobacco on the open market in such a way as to keep us from getting a foreign market for tobacco?

Mr. HOEVEN. Well, that is the difficulty, of course; the loss of the foreign markets has been severe.

Mr. SPRINGER. You mean that we are too high priced at the present time?

Mr. HOEVEN. Yes. We are pricing ourselves out of the market under the modernized parity formula.

Mr. SPRINGER. Now, from just looking at some figures I saw a moment ago, it was my understanding that you would take whichever was lower, the old parity or the new parity. Is it the gentleman's opinion that ultimately the parity price would go down on tobacco or go up or stay the same?

Mr. HOEVEN. Well, that remains to be seen, because of this so-called old parity, it is estimated it would take about from 5 to 7 years to rise to the 1958 level of support.

Mr. SPRINGER. May I ask the gentleman one further question? Is this, then, the difference between your position and the chairman's position, that this will or will not lower parity, or are you both agreed on that?

Mr. HOEVEN. Well, I think that we are quite agreed on it. It is the method that we are pursuing. The proponents of this legislation want to attack the problem by a circuitous method, and I propose to do it by a direct method. I propose to submit an amendment which will freeze the price for 3 years, trying to accomplish the same purpose in a forthright manner.

Mr. SPRINGER. Would there be too much difference, then, in what your amendment would do from what the chairman's bill does? Or, is it just a different method of attacking the same problem?

Mr. HOEVEN. Well, it is a different method, and as I said a moment ago, it is the bad precedent that is being set that is objectionable.

Mr. SPRINGER. Of the two-price parity?

Mr. HOEVEN. Yes, the two parity prices, old and new. This gimmick or gadget in S. 1901 is going to be made available to the tobacco growers and not on any of the other commodities.

Mr. SPRINGER. Is it my understanding, too, if you would put old and new parity on corn, wheat, and some of the other products, it would have the effect of raising the price, or raising the parity for those products?

Mr. HOEVEN. Yes, I think it would for both corn and wheat. For cotton and rice it would be lower.

Mr. SPRINGER. You think it would?

Mr. HOEVEN. Yes.

Mr. SPRINGER. So this is the only product at the present time where it would have the effect of perhaps lowering parity; is that correct?

Mr. HOEVEN. Yes. Tobacco would be the only commodity calculated under old parity. Now, if I may continue.

These three reasons, the failure of the constantly rising parity formula to provide realistic price supports, the increased competition of foreign tobacco producers, and the pending acreage allotment cut are why the bill is here.

The real question we must answer is whether the bill before us will do the necessary job. I contend that it will not. This bill attempts to deal with the failures of the present law by providing that price support will remain at the 1958 level until 90 percent of old parity reaches the 1958 level or 90 percent of modernized parity drops below the 1958 level. When this happens, supports will be based on either old or modernized parity, whichever is lower. The way the parity formula has been going in the past few years it is highly improbable, if not impossible, that 90 percent of new parity will ever go below the 1958 level as expressed in dollars and cents. This language in the bill is merely window dressing. It is possible for 90 percent of old parity to reach the 1958 level, so the real effect of the bill is to return to old parity. This just doesn't make sense. Congress adopted the modernized parity formula only after it discovered through long experience that the old formula was defective. What sound reason is there for returning to this undesirable standard? Mr. Chairman, the only real reason is to allow some political face saving by those who have committed themselves to high rigid supports. A few years ago some wheat groups sought to return to old parity. Is Congress going to be a party to procedure whereby one commodity has a different parity formula than another? If so, let us take a look at America's most important crop, corn. Old parity for corn is around 22 cents higher than new parity. This is not the way to achieve better public understanding of our farm programs. We should not add to the public confusion by using different standards for different commodities. If this bill is enacted, tobacco would be the only commodity based on old parity calculations. There are six commodities which are based on the transitional parity formula which acts as a statistical tool to go from old to modernized parity in an orderly manner. These commodities are corn, Puerto Rican filler tobacco type 46, grapefruit, oranges, avacados, and dates. All other commodities—some 160 or so—are based on the modernized parity formula. If there is something wrong with the formula we should cor-

rect it, not go back to a formula we know is unsound and out of date. This bill is not the high road to unity and progress in agriculture. It is the low road to disunity and further weakening of farmers' relationships with the general public. Our farmers will be fooled by this bill. They will continue to be told the alleged virtues of the tobacco program with support at 90 percent of parity. It will be 90 percent of an old parity formula which results in a lower price support, but it will still be held up as 90 percent of parity to our farmers and the public.

In an attempt to get legislation which will be acceptable to the administration and which will be of benefit to the tobacco farmers of America without returning supports to the old formula, I plan to offer an amendment calling for a 3-year freeze of tobacco price supports at the 1958 level. This is in essence and in reality what S. 1901 attempts to do, so let us call a spade a spade and pass some legislation which is needed badly if we are to regain our exports and avoid more cuts in tobacco acreage allotments for the family-sized farmer.

These complex problems deserve much further study if we are to avoid mistakes that will mean future trouble for tobacco producers. I believe my recommendation for freezing for 3 years the price support on tobacco at the same dollars-and-cents level as 1958 will have the following effects:

First. It will serve notice on the world that the tobacco industry in the United States is going to meet competition and that we are not going to continue to hold an umbrella over the expansion of foreign production at the expense of the domestic industry.

Second. It will help to insure that the current stocks of tobacco can be moved at competitive prices without undue losses.

Third. It will give opportunity for the Congress to study and recommend whatever revisions are necessary in the parity formula.

The argument that a 3-year freeze will disrupt the buying habits of large purchasers and thus cause instability and confusion does not hold water. The shrewd and experienced buyers in the tobacco industry know very well how S. 1901 will work. They know it merely amounts to a freeze for an indefinite period of time. A definite 3-year freeze would cause no uncertainty; it would protect the value of current inventories and investments, it would suspend the action of the hay-wire tobacco parity formula, and it would prevent another acreage reduction.

Mr. COOLEY. Mr. Chairman, I yield 5 minutes to the gentleman from Kentucky [Mr. WATTS].

Mr. WATTS. Mr. Chairman, I have the honor of representing the largest burley tobacco producing district in the world. We have for a number of years had a tobacco support program that all of our farmers have been very proud of. Every time it came up for a vote it received the approval of 99 percent of the farmers. We have tried, and are successful, in operating a good program. We have never come to Congress and asked that a minimum acreage be



placed on tobacco so that we could not be cut under a certain amount. We have always taken every cut that the Department of Agriculture has said was necessary in order to keep our program sound.

We have tried as best we could, and I believe have been successful, in keeping supply and demand in balance. We have had cuts of from 45 percent to 50 percent of our acreage in order to accomplish that. We even came to Congress in 1955, with the consent of our growers and all our organizations and asked Congress for permission to place a further cut of 25 percent on all tobacco acreage. We have never had any desire to do other than to keep supply and demand in line, and I believe we have done a creditable job in that field.

We have for the last 3 or 4 years actually produced less tobacco than has been consumed. The amount of tobacco under loan with the CCC is on the downgrade. The actual support program for tobacco has not cost the taxpayers 1 red cent. As a matter of fact, it has shown a profit of somewhere between \$300,000 and \$400,000. Mind you, I am talking about the actual support price program.

Mr. CHELF. Mr. Chairman, will the gentleman yield?

Mr. WATTS. Briefly.

Mr. CHELF. I should like to say this, that I am very happy the gentleman just brought out that point because, as the gentleman knows, my district adjoins his and the two of us together represent more tobacco than all the other tobacco districts throughout the length and breadth of Kentucky.

With respect to the matter the gentleman just spoke of, we came in voluntarily and asked that we be cut in order to keep our supply in balance. Not only that, it was a pretty difficult thing to do. I must say, Mr. Chairman, the gentleman did a very courageous thing, the day he came in here in the House in 1955, because he had not been here too long at that time, and he laid it on the barrel top. He was honest with the House of Representatives and they honored him by passing the bill at the time. We all worked hard to help him pass our bill. He was a fine leader on the floor.

Mr. WATTS. Mr. Chairman, I thank the gentleman for his contribution; he is exactly right. We have never wanted to produce more tobacco than the market would consume. We are one of the few groups that did come before this Congress and ask that we be given a further cut. In addition, I would like to call the attention of this committee to the fact that in the process of administering the tobacco program, the tobacco growers pay for the storage, not the Government. The tobacco growers pay for insurance on the tobacco, not the Government. The tobacco growers pay for the handling charge on tobacco not the Government. We have borne all these expenses. We have paid to the Treasury millions of dollars in interest on all the money that they have loaned us. The accrued interest has amounted to in excess of \$107 million.

We do have one problem that concerns us today and I wanted to devote myself to that.

Mr. COOLEY. Mr. Chairman, will the gentleman yield for just a moment?

Mr. WATTS. I am delighted to yield to my colleague.

Mr. COOLEY. I just want to emphasize the fact that we are not now considering the Jennings bill. We are considering the Senate bill which was sponsored in the other body by the distinguished Senator from North Carolina, [Mr. JORDAN], and by the distinguished Senator from Kentucky [Mr. COOPER], who honored us with his presence here just a moment ago. I think the bill is supported by distinguished Members of both parties and I think it is supported by every Congressman representing a major tobacco growing area.

Mr. WATTS. I thank the gentleman.

Mr. HOEVEN. Mr. Chairman, will the gentleman yield?

Mr. WATTS. I am delighted to yield to the gentleman.

Mr. HOEVEN. Of course, the gentleman will admit that the bill now being considered, S. 1901, is practically on all fours with the Jennings bill, which was reported out of the committee.

Mr. COOLEY. It is identical except for a slight technicality.

Mr. WATTS. The Jennings bill accomplishes the same thing I am delighted to tell the gentleman, and the reason for the change is this—I believe a Member from your side, offered the amendment.

The CHAIRMAN. The time of the gentleman from Kentucky has expired.

Mr. COOLEY. Mr. Chairman, I yield 5 additional minutes to the gentleman; and I hope that the gentleman will explain why tobacco is in a unique position.

Mr. WATTS. I am going to do so as soon as I can answer the gentleman. A gentleman on your side raised the objection that we were treating tobacco differently by putting it on the old parity instead of the new parity. The language in the bill says emphatically that tobacco is on the lower of the two and we are one of the few groups of farmers who have ever come before the Congress and have asked you voluntarily without any increase in our acreage to lower our support prices. But, we do have a problem today to which I want to address myself. In 1943 the Congress enacted a law providing for a new parity formula. It went into effect in 1950. Under the terms of the new parity, tobacco is about the only quota-supported crop that received a higher support price under the new parity than it did under the old parity. I would like to take just a moment to explain to you why that happened. In calculating the new parity, you take a 10-year moving average of the price of tobacco and determine what the average price of tobacco was for that 10 years. You take the 10-year moving average of all other commodities and determine what that average is. Then you divide the average of all commodities into the average for tobacco, and you multiply that by the factor determined to be the relative increase in the cost of living over the period of 1910 to 1914. We, in the tobacco industry, have held supply and demand in line. We

have actually produced less. Therefore, the price of our tobacco has been climbing higher and higher. The average of the 10 years is high. Other commodities that have not held their supply and demand as much in line have gone down. Their average is lower. Therefore, you are dividing a lower figure into a higher figure and multiplying it by the cost of living, which gives a distorted picture. That is the reason we have taken this route to correct it. In other words, last year the cost of producing tobacco went up 2 cents a pound, but the support prices under this modernized parity went up 7.5 cents per pound. The Department of Agriculture tells me that if we froze the cost of everything the farmer buys for the next 4 years—froze everything he bought—his labor and everything else for the next 4 years, then under this modernized parity the support prices of tobacco would still go up 11 cents. It never was the intent of the Congress or of anybody else that the support price should do anything than go up or down with the cost of living. I am sorry that modernized parity does not work in this case. We need to take a new look at parity, but that is a job that will take a year or more to do. We recognize the fact that our tobacco is getting so high that if we do not do something to stop this increase, it is going to find its way into our Government warehouses instead of going into the trade channels and the markets of the world.

Mr. BAKER. Mr. Chairman, will the gentleman yield?

Mr. WATTS. I yield.

Mr. BAKER. I ask the gentleman from Kentucky if it is not true that without legislation, the price of tobacco would automatically increase over a period of time.

Mr. WATTS. It certainly will.

Mr. BAKER. The question is this—and I will premise it by saying I favor the committee bill and I represent a large burley district: Will the gentleman explain why a 5-year period of legislation is necessary rather than a 3-year period?

Mr. WATTS. Certainly; the amendment that the gentleman from Iowa talks about will accomplish for the first 3 years the same thing that the committee bill does; but after the third year is over, the committee bill goes on and continues to hold the price support of tobacco down to the actual index of the increase or decrease in the cost of living. But, the Hoeven amendment, the amendment of the gentleman from Iowa, would leave the tobacco farmer hanging in the air at the end of the 3 years.

I have been told by officials in the Department of Agriculture—and I am not at liberty to quote their names—and by people who represent the trade that a 3-year freeze would not only be a freeze on the price but would also be a freeze on the actual sales of tobacco because we are tied to about 9 or 10 big buyers. They have at least a 3-year supply of tobacco on hand and would not buy any more of our tobacco than was absolutely necessary until after the 3-year freeze was over, with the hope that at the end of the 3 years we would be in such a predicament that the price of tobacco would be much lower.



Mr. HOEVEN. Mr. Chairman, I yield 12 minutes to the gentleman from Pennsylvania [Mr. DAGUE], who is the ranking Republican member on the subcommittee.

(Mr. DAGUE asked and was given permission to revise and extend his remarks.)

Mr. DAGUE. Mr. Chairman, during the more than 12 years that I have been a member of the Committee on Agriculture the record will show that I have fairly consistently opposed high-level supports—and that means 90 percent of parity—together with the controls and regimentation that go with them.

Seemingly it is easy to vote "No" but I must confess that I have gotten little satisfaction out of taking the negative position. The fact of the matter is that I have never been able to conceal my admiration for the determination with which the high-support members have stuck to their guns and I am persuaded that it stems from honest convictions—either theirs or those of the people they represent. And by the same tokens I have shied away from Government supports for the very simple reason that that is the way the folks up our way feel about it.

As to our committee, despite the accusation that too often we have labored mightily and brought forth a mouse, I know of no group in the Congress who are more dedicated. And I know of no men who exceed our chairman and the ranking member on each side in their knowledge of agriculture and its problems or in their honest desire to come up with the right answers to the very vexing questions which presently confront us. They know that our agricultural legislation, like most of our legislative effort, is largely based on compromise—and because of their vast knowledge of the problem and their abiding concern for the farmer—the little guy who is in the middle of this mess—they are trying to effect a solution without destroying the very object of that concern.

But, unfortunately, perhaps, that is where I find that I must leave them and while I am not normally a defeatist I simply cannot be persuaded that there ever can be a legislative device that will keep up farm income—or, indeed, that of the producer of any commodity—when the output exceeds what the market will absorb.

Before I address myself briefly to the legislation under consideration, however, I think that a word should be said in defense of the farmer and in refutation of the propaganda against him that is reaching such a crescendo. In the first place the \$5 billion, more or less, in annual expenditure by the Department of Agriculture is no more of a free handout to the farmer than the billions expended by the Department of Commerce, or Health, Education, and Welfare, or the military are subsidies for the rest of us. The stark fact of the matter is that the farmer today is suffering from a diminishing return on his investment in the face of rising costs and, with his income declining at the very time when the cost to the consumer is either rising or re-

mains at a high level, there is increasing evidence that the real culprit is found in the cost of packaging and distribution—most of it going to labor. And, as it has been pointed out so often, the farmer could virtually donate his products free and the end cost to the consumer would drop but little.

Now as to S. 1901. First, let me remind you that I represent a district that probably raises more tobacco—30-odd-million pounds a year—than any other area of its size in the country—not even excepting the rich tobacco land included in the district of my distinguished chairman.

As a matter of fact, the Ninth District of Pennsylvania realizes each year some \$10 million to \$12 million from tobacco alone—or about one-twelfth of our overall annual agricultural income. Some 4,000 of our 11,000 farms—average farm size 75 acres—count on tobacco as one of their leading cash crops. Specifically, we concentrate on raising Pennsylvania type 41, which is not benefited in any way by this bill, a filler type tobacco that goes into the cheaper cigars. As to price, it brings less than half of what some of the brighter grades command. But here is the difference—our tobacco operation is strictly free enterprise, and we do not look to Uncle Sam for supports, and as a consequence we are not burdened with his quotas and the regimentation that always accompanies his largess. Oh, sure, our people have toyed with the idea of getting on the support bandwagon, but on taking a second look they have decided against it, and just a few months ago when the last referendum on tobacco quotas was held they voted "No" in the ratio of 11 to 1. And please do not try to tell me that we are in any more advantageous position geographically than other agricultural areas of the country. The answer is that in 200 years of farming we have found that with a little hard work, and without an overweening ambition to get rich, we have been able to enjoy a good living without "putting the bite" on "Uncle Samuel."

This bill, Senate 1901, which lowers price supports for tobacco farmers is before us today for several reasons.

First of all, foreign competitors are drastically increasing their output of tobacco. For example, let us take a look at Flue-cured tobacco. During 1958 foreign countries produced an estimated 1.8 billion pounds as compared with 1.7 billion pounds in 1957, 1.6 billion pounds in 1956, and a pre-World War II average of less than 500 million pounds per year. At the same time, the United States share of the world tobacco market has been declining. In 1958 we held 52 percent of the world market in Flue-cured tobacco. This compares with 55 percent in 1957, 52 percent in 1956, 56 percent in 1955, 58 percent in 1954, 68 percent in 1953, 61 percent in 1952, and 73 percent during the 5-year average, 1947-51. Overall, our tobacco exports have been declining at a time when world consumption is increasing.

Another reason that this bill is being considered today is that the tobacco industry has finally realized that 90 per-

cent of parity based on the modernized formula can do nothing but continue to rise. The practical result of this statistical phenomenon is even higher price supports causing greater export losses and increased foreign production. In short, the tobacco industry itself recognizes the failure of 90 percent of parity and seeks to do something about it. In my opinion, however, S. 1901 is not the right way to do it.

A third reason for this legislation is to prevent further acreage allotment cuts for tobacco farmers who have already endured deep and severe restrictions. In burley tobacco, for example, the average-sized 1957 allotment in South Carolina was only forty-four hundredths of an acre. In Georgia it was only forty-two hundredths of an acre. In North Carolina it was only fifty-seven hundredths of an acre, and it was only 1.75 acres in Kansas, which, incidentally, has the largest average burley allotment. The average size of a burley acreage allotment for the United States was only 1.02 acres. These farmers simply should not and cannot be required to further decrease their allotments.

On the contrary, these tiny allotments should be increased. S. 1901 offers no hope whatsoever of any such increase.

The Department has pointed out the shortcomings of this legislation when it reported on H.R. 5058 which for all practical purposes is the same as S. 1901. The Department pointed out that this legislation fails to go far enough for the following reasons:

First. It would freeze price supports for tobacco at current high levels, thus hampering efforts to expand markets and to curtail foreign production. Instead of such a freeze we need more discretion in setting the support level so that we can regain markets rigid supports have lost for tobacco.

Second. It would put back into use the old parity formula which previously was discarded by Congress because it resulted in unrealistic parity prices. Under the old formula parity price for tobacco is based on the level of prices in 1934-38 for Flue-cured and burley, 1936-40 for Maryland, and 1919-28 for other tobaccos, modified to the extent that prices paid by farmers have changed. Use of this base period of some 20 to 30 years ago fails to recognize the changes which have occurred in farm technology since then, and the changes in intercommodity relationships. It was these shortcomings which led Congress to adopt a modernized parity which takes into consideration price relationship in a recent 10-year period.

Third. It would result in a dual standard of parity prices. Old parity would be used for tobacco, whereas new parity would be used for other commodities. If we are to use parity price as a standard for price support, we should use the same formula for all commodities.

Fourth. It would continue to place certain tobacco growers at an advantage over producers of other crops. Currently tobacco is the only price-support commodity where the Secretary has no discretion in setting support levels. This level is and has been higher in terms of



percent of parity than it has been for other crops where even under present law some discretion is permitted.

This bill will simply and plainly, in my opinion, not do the job.

As I have said, I have the honor and privilege to represent a district which produces about 30 million pounds of tobacco a year. The growers in my district have consistently rejected the control concept, often advocated as a solution, but less often not even a success.

I am sincerely proud of these free enterprise farmers. Things have not been easy for them. Some years they took a real licking in the marketplace because of overproduction, but in the following year they made the necessary adjustment. The marketplace, not the Government, has kept these industrious and diligent farmers both prosperous and free. We in Pennsylvania have never been forced to reduce our plantings to 1.02 acres as in the case of the average U.S. burley grower.

In conclusion, Mr. Chairman, let me suggest that the only way the American tobacco farmer will ever find his way out of the woods will be when he borrows a leaf from the book of his Pennsylvania neighbors and produces for the market, with freedom from the controls that must always accompany the bureaucratic process.

Mr. COOLEY. Mr. Chairman, I yield 8 minutes to the gentleman from Virginia [Mr. ABBITT].

(Mr. ABBITT asked and was given permission to revise and extend his remarks.)

Mr. ABBITT. Mr. Chairman, this is a most important piece of legislation for a large segment of our society. I have placed here—I do not know whether you can all see it or not—a chart that shows rather graphically what will happen if we have no legislation and what will happen if we enact S. 1901.

The tobacco program, so far as price support is concerned, has never cost the American taxpayers any money. You see what will happen in 1959? It will put the tobacco program in the red under the present program. If S. 1901 is adopted, it will go on this line for burley, and the same is true for flue-cured tobacco. You can see there graphically why this legislation is needed.

Now, much has been said about the sponsors of this legislation. This legislation actually originated with the tobacco people and the boys in the tobacco branch of the Department of Agriculture. They sat down together and worked out what they thought was the necessary legislation to keep a sound tobacco program in the future as we have had in the past.

Mr. CHELF. Mr. Chairman, will the gentleman yield?

Mr. ABBITT. I yield to the gentleman from Kentucky.

Mr. CHELF. For one, I want to thank the gentleman who now occupies the floor and who is addressing this House. As the chairman of the Subcommittee on Tobacco, you have been most kind and most courteous and most considerate of those of us who are not members of the great Committee on Agriculture, and I,

for one, want to thank you publicly for the many courtesies you have extended to us and our people over the years. When our tobacco problems arose, you were kind enough to send out word and allow us to come in and sit down and talk it over with our growers, warehousemen, our farmers, and with the Members of the Congress. We have always tried to come up with an answer to our problems. And, I want to say this to you, a moment ago you pointed out a thing that I think is a strong point, the greatest and best point that I think this entire program has, which is in its favor for passage today, and that its administration has never cost the taxpayer a dime. The fact of the matter is, the fellows who violated our program, who raised in excess of the law, were fined, and it was that money that was used to keep the price support program going. I want to compliment the gentleman for the fine work he has done.

Mr. HOEVEN. Mr. Chairman, will the gentleman yield?

Mr. ABBITT. I yield to the gentleman from Iowa.

Mr. HOEVEN. As a result of the colloquy between the gentleman from Kentucky and the gentleman from Virginia, I am sure the gentleman from Kentucky does not want to leave the impression that the tobacco program did not cost something. The costs of the program for stabilizing tobacco prices and related programs since 1932 are estimated at \$156.5 million.

I have here a table showing the estimated costs to the department of the tobacco programs by fiscal years 1953 through 1959. In 1953 the program cost \$2.2 million; in 1954, \$0.5 million; in 1955, \$5.1 million; in 1956, \$5 million; in 1957, \$13.8 million; and in 1958, \$34.5 million.

These costs were incurred under the tobacco price support program, the Public Law 480 programs, the soil bank program, acreage allotments, and marketing quotas. The increase in the cost of the tobacco programs during the past 2 fiscal years was due in large part to costs of the acreage reserve program in those years.

So, I do not think it can be said that the program did not cost any money.

Mr. ABBITT. What the gentleman was referring to, I am sure, was the price support program, which, I am sure, included administration costs. Research has also cost money, but the price support program has brought returns to the Federal Treasury.

Mr. QUIE. Mr. Chairman, will the gentleman yield?

Mr. ABBITT. I yield to the gentleman from Minnesota.

Mr. QUIE. How much tobacco is in storage right now?

Mr. ABBITT. Owned by the Federal Government?

Mr. QUIE. Yes.

Mr. ABBITT. I understand approximately 10 million pounds.

Mr. QUIE. What percentage of the total crop is that?

Mr. ABBITT. That is a relatively small amount of the total crop. I am sure the gentleman understands that tobacco is one of two commodities that

ripen with age. There is another liquid commodity that ripens with age, and tobacco is a commodity that ripens with age and storage does not hurt it. And, the buyers need this legislation. The entire trade needs to know whether the price for our commodity of tobacco is going to be stabilized. Between 38 and 40 percent of flue-cured tobacco is exported.

Mr. WATTS. Mr. Chairman, will the gentleman yield?

Mr. ABBITT. I yield to the gentleman from Kentucky.

Mr. WATTS. The question was asked a moment ago as to how much tobacco was now in storage. At the present time the figures furnished me show 912 million pounds, which is a decline from the high of 1,076 million pounds.

There is altogether in this country a supply of tobacco in the hands of the Commodity Credit Corporation and in the hands of private companies of 5,850 million pounds. The part in storage with Commodity Credit Corporation would be less than one-fifth, somewhere around one-sixth.

Mr. ABBITT. And that is not going to be kept there any great length of time, as I understand it.

Mr. WATTS. The peak amount after the 1956 crop was, in all of the United States, something over 6,200 million pounds. It has now been reduced down to 5,850 million pounds.

Mr. COOLEY. Mr. Chairman, will the gentleman yield?

Mr. ABBITT. I yield to the gentleman.

Mr. COOLEY. I think the gentleman who made the inquiry wanted to know to what extent the Government was holding this tobacco in inventory. I would like the gentleman from Kentucky [Mr. WATTS] to tell us how much Government tobacco is in the Commodity Credit Corporation inventory. My recollection of it is that it is a very small amount, mostly taken from some defunct co-op in Kentucky. That is being held in CCC inventory and the value of it is almost negligible with relation to the over-all program.

Mr. ABBITT. That is my understanding.

Mr. WATTS. In actual fact the Government has about 10 million pounds of tobacco. The figure that I gave before of 912 million was the amount of tobacco that is in the hands of the co-ops, on which the co-ops are paying the storage and the interest. With this, that and the other, it represents about one-sixth of the supply.

Mr. ABBITT. Then the answer that I gave before was approximately right, about 10 million pounds.

Mr. QUIE. If the gentleman will yield further, does that mean that the tobacco that is held by the co-ops, on that tobacco the co-ops pay the storage costs?

Mr. ABBITT. That is correct.

Mr. QUIE. But on the 10 million pounds that the Government owns, the storage is being paid by the Government.

Mr. WATTS. Mr. Chairman, if the gentleman will yield to me, they have turned that tobacco over to one of the other groups to administer. The rea-



son for it was that the co-op that had the tobacco did not function the way they wanted them to function. So they foreclosed the loan on the tobacco that this particularly co-op had. It only amounted to 10 million pounds, which is an insignificant sum. That was done in order to get it out of the control of that particular co-op.

Mr. COOLEY. Mr. Chairman, if the gentleman will yield to me, that tobacco could be sold probably at a profit at a later date.

Mr. ABBITT. And I am sure will be sold.

Mr. QUIE. In the past, at any time that the tobacco has been sold, has it been sold at a profit?

Mr. ABBITT. Not every time, of course, but over the long haul they have made a profit, yes.

Mr. QUIE. On the aggregate, there has been a profit?

Mr. ABBITT. That is correct.

Mr. COOLEY. Mr. Chairman, I yield 5 minutes to the gentleman from Virginia [Mr. JENNINGS].

(Mr. JENNINGS asked and was given permission to revise and extend his remarks.)

Mr. QUIE. Mr. Chairman, will the gentleman yield?

Mr. JENNINGS. I yield, briefly, to the gentleman.

Mr. QUIE. The gentleman does not have to answer this, if it will take more time than he needs to make his presentation. But what I should like to have explained is why it is necessary to put tobacco on old parity and new parity, both, rather than just freezing the price support figure at the 1958 level? I accept the statement that 3 years is not long enough, but it has been stated before that the old parity will rise to the 1958 level probably in 5 years. Why could we not freeze the price support of tobacco at the 1958 level for 5 years and accomplish the same purpose as this bill intends to accomplish?

Mr. JENNINGS. Because this bill permits the price support for tobacco to go down if the prices of the things which the farmer buys go down. There is nothing in the bill that prevents the price supports from coming down, provided the price the farmer pays for the commodities he buys comes down, and brings it down. This is in line with the basic concept of parity. But it does prevent it from going up under the new formula until such time as it reaches the 1958 level under the old formula. Actually, it is not a freeze. It is a freeze only so far as the price support going up under the new formula is concerned; it does not prevent supports from going down should the bottom drop out of things the farmer has to buy.

Mr. COOLEY. Mr. Chairman, will the gentleman yield?

Mr. JENNINGS. I yield to the gentleman.

Mr. COOLEY. It is my recollection that the gentleman who is now making the inquiry offered the amendment that resulted in our putting both old and new parity into the bill and providing that the Secretary should use the lower of the two.

Mr. QUIE. That is correct.

Mr. COOLEY. We accepted the gentleman's amendment thinking that the bill would be pleasing and acceptable to him.

Mr. QUIE. I did not say it would be pleasing and acceptable to me. I want to find out the reason why you have to go to old parity because it seems to me that the contention is not should we freeze it at the 1958 level for a long period of time, but should we go on the old parity?

Mr. COOLEY. Should we freeze the prices for 3 years we would of necessity be forced to change the law, or then we would have a price rise of probably 8 or 10 cents a pound which would be devastating in the operation of our program in foreign markets; or we would have no alternative but to pass legislation rolling the price back, which would be very difficult for us to do. This would prevent the increase and obviate the necessity of a rollback.

Mr. JENNINGS. The gentleman is entirely correct. As a matter of fact, it would actually prevent the objective of the bill from being accomplished, this being to stabilize the price of tobacco. And, you could get no stability by freezing price supports for only two years and then having them immediately jump up or down.

Mr. ABBITT. Mr. Chairman, will the gentleman yield?

Mr. JENNINGS. I yield.

Mr. ABBITT. The charts show where we would be at the end of three years, what a drastic and bad position we would be in. The whole thing would be way out of kilter.

Mr. JENNINGS. I thank the gentleman.

Mr. Chairman, I think this will probably be the most important piece of tobacco legislation to come before the House this year. It is most important as far as the future of the tobacco program is concerned.

I know it is customary when one speaks in the well of the House to start out by complimenting everyone from the top on down who had any part in the particular piece of legislation. But, I regret there are those whom I cannot compliment today because of their adverse reports on this tobacco legislation. I would like, however, to commend the head of the Tobacco Division in the Department of Agriculture as well as the head of the Foreign Agricultural Service Tobacco Division for the fine manner in which they are trying to solve this problem, and for their understanding of the problems involved in this tobacco program.

This bill would stabilize and protect the support level of tobacco. Why is it necessary? First of all, it is necessary because we are losing a part of our foreign export trade.

I was a member of the special subcommittee, headed by the distinguished gentleman from Kentucky [Mr. WARTS]. We went into practically every facet of the export trade in tobacco. Everyone we talked with and every branch of the industry that we visited said they needed stability of prices. In our report we

state that we need to stabilize prices so that these foreign exporters may know from year to year what the price of tobacco is going to be. That is necessary in order to continue our export program at the level it has been in the past and also to capture new markets.

What is the practical effect of this bill? It means that our farmers will not, of necessity, have to take an acreage reduction. But let me say this, if an acreage reduction should become necessary, the tobacco farmers understanding this program, are going to vote in order to keep supply in line with demand as they have in the past.

There is nothing particularly new about this bill because, as the gentleman from Iowa pointed out, other commodities are figured at old parity. As a matter of fact, the one commodity the gentleman is particularly interested in, corn, is figured on transitional parity which is figured on old parity. The difference is that they have the higher of the two, and we are asking for the lower of the two—the lower of either old or new parity, whichever it happens to be. That seems to be reasonable to me. The group of producers, all segments of the tobacco industry, are coming in wanting to stabilize their prices. They realize very well why they are doing it.

We have had some telegrams read here today pointing out the opposition of certain organizations. Well, organizations from that same group, namely, the American Farm Bureau organizations on the local level from every major tobacco producing State, are supporting this bill. Just read the record of the hearings on the bill and you will find that the State Farm Bureaus, and, apparently there must be a difference because the American Farm Bureau did testify against it, but the State Farm Bureaus from all major tobacco producing States testified in favor of this piece of legislation, as well as the other farm organizations. As a matter of fact, I am going to ask that a list of these organizations supporting this bill be made a part of the RECORD.

Mr. WHITENER. Mr. Chairman, will the gentleman yield?

Mr. JENNINGS. I now yield to my colleague, the gentleman from North Carolina, who is so interested in this legislation.

Mr. WHITENER. I ask the gentleman from Virginia, if it is not true that not only the State Farm Bureaus in every tobacco producing area have taken a position contrary to the American Farm Bureau, but if it is not also true that every facet of the tobacco field, the producers, and all other groups have joined up with you in favor of this legislation.

Mr. JENNINGS. The gentleman is exactly correct, and he was present when these organizations testified before our tobacco Subcommittee in support of this legislation.

Mr. WHITENER. I ask the gentleman further, if we did not have a meeting also with the chairman of the Committee on Agriculture, and the interested Members of the Congress, together



with these tobacco groups, in which the expressed opposition of these persons was given to the position, the unrealistic position, if you please, of the American Farm Bureau.

Mr. JENNINGS. I agree with the gentleman. His remarks are very timely and true. It is a question of which Farm Bureau you are going to side with—those from the tobacco producing areas or the American Farm Bureau. It boils down to this simple question, as far as that particular farm organization is concerned.

Mr. HOEVEN. Mr. Chairman, will the gentleman yield?

Mr. JENNINGS. I yield.

Mr. HOEVEN. Did I understand the gentleman to say that corn was on the old parity?

Mr. JENNINGS. Corn is figured on transitional parity, which is based on old parity. I would like to refer the gentleman to a statement of the Secretary of Agriculture which was issued in a memorandum and entitled "Agricultural Prices From May 1959" in which he states:

Effective U.S. parity prices for farm products and average prices received as percentage of effective parity prices based on data for May 1959 with comparisons.

You will find that reference is made to footnote 6, which appears in the statement. This footnote states:

Transitional parity, basic commodities 85 percent, and nonbasic commodities 50 percent (90 percent and 55 percent, respectively, during 1958) of parity price computed under formula in use prior to January 1, 1950.

And further in the report which was issued by the Department:

The transitional parity for basic commodities during 1958 is 90 percent of the parity price computed by the old formula. The parity price according to the old formula is calculated by multiplying the average price received by the farmers for corn for the 60 months, August 1909–July 1914, which was \$0.642 per bushel, by the July 15, 1958, unrevised index of prices paid, including interest and taxes, which is 306 percent. This gives an indicated parity price of \$1.96 per bushel under the old formula. Multiplying by 90 percent gives \$1.76, the transitional parity price. Since this is higher than the indicated parity price under the new formula of \$1.73 per bushel, the transitional parity price is the effective parity price.

The difference between us is that we are asking for the lower instead of the greater parity price.

Mr. HOEVEN. Mr. Chairman, will the gentleman yield?

Mr. JENNINGS. I yield.

Mr. HOEVEN. In order that the record may be clarified I read from a memorandum from the Department of Agriculture on the subject of parity computations the following:

No commodities are calculated on the basis of old parity.

Six commodities are calculated on the basis of transitional parity. These commodities are corn, Puerto Rico filler tobacco type 46, grapefruit, oranges, avocados, and dates.

All other commodities (approximately 160) are calculated on the basis of modernized parity.

Corn is not on the old parity.

Mr. JENNINGS. The difference is that one is figured on a transitional

parity and the other on the old parity. They use transitional parity, I take old parity. There is complete agreement.

What we need is stability over an effective period of time.

I might point out, in support of that statement, the fact that foreign manufacturers buy ahead, anticipate their needs on an average of 3 years. Therefore, it would be 3 years before any program would be effective in the foreign market.

The CHAIRMAN. The time of the gentleman from Virginia has expired.

Mr. COOLEY. Mr. Chairman, I yield the gentleman 2 additional minutes and hope he will utilize part of the time to read a list of the organizations supporting the legislation.

Mr. JENNINGS. I will try to do so. Department of Agriculture figures show tobacco to be the only price-supported commodity for which the Commodity Credit Corporation has realized a hundred percent rate of recovery on its investment. An analysis of the tobacco program from October 1933 to March 1959 shows the following:

The March 31 "Report of Financial Conditions in Operations of the Commodity Credit Corporation" shows tobacco price support program losses of \$4.4 million and supply program gains of \$4.8 million, or a net gain of \$400,000 to the Commodity Credit Corporation in tobacco program operations during this 25-year period.

Mr. HOEVEN. Those are points I referred to a while ago.

Mr. JENNINGS. As to the organizations supporting the legislation, I will read them:

#### ORGANIZATIONS SUPPORTING TOBACCO BILL

Interstate organizations: Burley and Dark Leaf Tobacco Export Association, Burley Auction Warehouse Association, Bright Belt Warehouse Association, Tobacco Associates, Flue-Cured Tobacco Cooperative Stabilization Corp., National Grange, National Farmers Union, Burley Leaf Tobacco Dealers Association, Leaf Tobacco Exporters Association, Plant Food Institute of North Carolina and Virginia, Association of Dark Tobacco Dealers and Exporters, Conn-Mass Tobacco Cooperative, Inc., National Cigar Leaf Tobacco Association.

Kentucky: Kentucky Farm Bureau, Burley Tobacco Growers Cooperative Association, Western Dark-Fire-Cured Tobacco Growers Association, Stemming District Tobacco Association.

Tennessee: Burley Stabilization Cooperative, Eastern Dark-Fire-Cured Tobacco Growers Association.

South Carolina: South Carolina Farm Bureau, South Carolina Grange, South Carolina Tobacco Warehouse Association.

Georgia: Georgia Farm Bureau.

Virginia: Virginia Farm Bureau, Virginia Farmers Union, Virginia Burley Tobacco Growers Association.

North Carolina: Farmers Federal Cooperative, North Carolina Grange, North Carolina Farm Bureau.

Wisconsin: Northern Wisconsin Cooperative Tobacco Pool, Inc., Wisconsin Tobacco Growers Association.

Ohio: Cigar Tobacco Cooperative.

Maryland: Maryland Tobacco Cooperative, Maryland Farm Bureau.

New York: Leaf Tobacco Board of Trade, New York City.

Certainly it is obvious to all that this group represents practically the entire tobacco industry in those States which are interested in tobacco. All of them

are interested in this legislation becoming effective.

The farmers understand what is in this particular piece of legislation. They are interested in keeping the tobacco supply in line with demand and not losing their export markets. What they want to do is to gain export markets, and this bill will help them do that.

Mr. Chairman, this legislation has the support of the largest group of tobacco growers and representatives of the tobacco industry that have ever—as far as I know—agreed completely on the need for a change in the existing program. This spirit of cooperation, of determination to make the program continue on the successful path it has followed over the past years, should be met by the Congress with approval of this bill.

As a representative of the burley tobacco producing area in Virginia, I support and urge the approval of this legislation.

Mr. HOEVEN. Mr. Chairman, I yield 3 minutes to the gentleman from Maine [Mr. McINTIRE].

Mr. McINTIRE. Mr. Chairman, tobacco is the only commodity that continues to be supported in a program of 90 percent of parity. I served on the tobacco subcommittee in the 85th Congress, and want to commend the gentleman from Virginia [Mr. ABBITT], the gentleman from Kentucky [Mr. WATTS], and others for their attempts to keep the program in line.

However, two problems are now apparent; one, the problem of increasing inventories, and the other the fact that 90 percent of modern parity is pricing this crop out of its markets.

The difference of opinion, in my judgment, arises as to how to do the job. Frankly, I would prefer to do it more directly by an adjustment in the percentage of support based on modern parity the same as all other crops. This is a bill worded in such a way that prices are frozen, but we do not quite say so; 90 percent is not preserved but we do not quite say that either.

The bill shifts to old parity in order to avoid stating factually that lower than 90 percent supports are in fact in effect.

I wish the language were more direct, but the objective is in line with the best interests of the tobacco industry.

May I say again, those who have had a very active part in trying to keep this type of program within bounds have looked at the problem very realistically—the information given to us as subcommittee members then was convincing and showed that the industry was interested in facing up to this very real problem. However, I recognize the problem confronting many individual Members in relation to the concept of 90 percent. The language in this bill is an attempt, in my opinion, very frankly, to preserve many of those principles. I do not quarrel with the necessity of attempting to preserve those principles; however, I do think that we would have better legislation for the tobacco industry in the long run if we would face up to the realities of the situation and with legislation that permitted lower levels



of support in line with the best interest of the tobacco growers.

I shall support this bill in final passage.

(Mr. McINTIRE asked and was given permission to revise and extend his remarks.)

Mr. COOLEY. Mr. Chairman, I yield 3 minutes to the gentleman from Virginia [Mr. TUCK].

(Mr. TUCK asked and was given permission to revise and extend his remarks.)

Mr. TUCK. Mr. Chairman, I want to thank my longtime friend and colleague, the distinguished gentleman from North Carolina, for having been so generous as to extend 3 minutes of his time to me. I want to promise him at the outset that I will not request him to grant me more than six extensions of time.

I want to thank him for allowing me to follow in the footsteps of the two somewhat illustrious Virginians who have proceeded me. In that great State outsiders do not regard us as being reluctant to think and to speak well of ourselves. That is the sentiment which prevails among all segments of our people.

A preacher who lived on my farm, which, incidentally, is not too far from the North Carolina line, having labored in the vineyard of the Lord in our State, went to North Carolina. He heard a preacher there one Sunday reading the Scriptures about the 10 virgins who went forth to meet the bridegroom. Five of them were wise and five of them were foolish. My preacher got up and said, "Would you mind reading to us again that Scripture about those 10 Virginians?"

So, he read it again and he said, "Now, what objection do you have to offer to that? What comments do you have to make?" He said, "Well, since you read it twice, I think I understand it, but it does look to me that the percentage of foolish Virginians is mighty high."

Mr. Chairman, I am pleased to speak briefly in behalf of Senate bill 1901, which is a very important piece of legislation intended to stabilize and protect the level of support for tobacco. I have the great honor to represent in the Congress of the United States a district which produces a great deal of the Flue-cured type of tobacco which is used in manufacturing our famous cigarettes. Smaller quantities of other types of tobacco are produced in some of the other counties in my district. There is grave concern among the tobacco growers and all segments of the industry over the decline of our export trade in tobacco. Although domestic consumption is holding up well, the welfare of the industry is dependent upon a substantial export trade, and we are losing our export markets due to a price situation over which we have no control, and which has come about under the present method of computing price supports. It may seem strange that we are advocating legislation to prevent an increase in price supports, but we are faced with a situation where such action is absolutely necessary if we are to preserve these foreign mar-

kets which are indispensable to the continued growth of the tobacco industry in this country.

The able and distinguished chairman of the Committee on Agriculture in his report which accompanies this bill has, in a clear and forceful manner, explained the purpose of the bill and outlined the urgency of the situation. The computation of a parity formula is intricate and complex, but the report contains an adequate outline of the history of the tobacco parity formula and describes the price distortions now appearing as the result of the application of the present formula and predicts the extent to which its operation may bring further increases in the price of tobacco, with adverse effect upon our exports.

It must be remembered that the production and consumption of tobacco is increasing in many areas of the world, but we can maintain our position in the export markets if we have a favorable price situation and not price ourselves out of such markets. This legislation is designed to avoid such a development and I earnestly hope it will be enacted into law and thus correct a condition now proving detrimental to one of our oldest industries.

I might say to you, my friends, that tobacco is one of the most important of all farm commodities. The Government of the United States derives a great deal of revenue from it. It is connected with the history and the growth and the culture and the education of our country. In Colonial Virginia our citizens paid the preachers with tobacco, and some of these Colonial Americans purchased their wives by paying for their transportation with tobacco.

Mr. CHELF. Mr. Chairman, will the gentleman yield?

Mr. TUCK. I am pleased to yield to my handsome friend from Kentucky and answer any question that he may ask if I can.

Mr. CHELF. Governor, I will say this to you quite frankly, that for every pack of cigarettes the farmer gets about 1.1 cents. It sells for 25 cents. There is approximately 50 percent of Federal and State tax that goes into the cost of that package of cigarettes.

Mr. TUCK. You are right. A gentleman awhile ago spoke about eating cake and having it, too. Well, prior to the establishment of this program we did not have any cake to eat, nor did we have bread and many a time our farmers brought their year's supply of tobacco to market and went home empty-handed, unable to buy shoes and clothing for their children.

Mr. CHELF. It runs into the hundreds of millions of dollars.

Mr. TUCK. The tax does run into hundreds of millions. Times were so hard, my friends, that the people down in the tobacco-growing sections found out that old rabbit tasted better in the heat of July than in the frost of December. This tobacco program and the extension of this program along the lines provided for in this bill is necessary if we are to continue to enjoy an economy that will enable our people to produce this important crop.

Mr. CHELF. Amen.

Mr. HOEVEN. Mr. Chairman, I yield 5 minutes to the gentleman from Minnesota [Mr. QUIE].

(Mr. QUIE asked and was given permission to revise and extend his remarks.)

Mr. QUIE. Mr. Chairman, regarding this bill, I think it is important to keep in mind the fact that it provides a clear recognition that parity, and the parity formula, is no sacred cow—and that we need not depend entirely on parity formulas.

We have heard recommendations this afternoon to the effect that we should take another look at the parity formula and see if it really works. This program points the way to a different concept of parity, because the traditional system has threatened to drive the commodity, tobacco, out of the market.

The second indictment of the old parity concept is also important to agriculture. It has been demonstrated that holding the price support at a certain percentage of parity can be detrimental to agriculture rather than helpful, and the example of producers—as well as tobacco processors—coming in and asking for a freeze on price supports to prevent an increase in price is a clear example of this.

I would like to show you what would happen to the price of tobacco, because of the workings of the parity formula, if some type of freeze is not enacted. In this year, 1959, on Flue-cured tobacco, this commodity would have to be supported, according to the May price, at 61.9 cents a pound—if we do not pass some kind of freeze rather than support the price on tobacco. This represents an increase of 7.3 cents a pound. Three years from now it would mean 10.6 cents a pound higher.

The following table is a case in point—showing as it does an estimated projection for the next 5 years on flue-cured and burley tobacco:

*Flue-cured tobacco*

[1958 level of support was 54.6 cents per pound or 90 percent of parity]

Full parity	Year	1958 level expressed as percent of parity
61.7 cents (April).....	1959	88
61.9 cents (May).....	1959	88
63.5 cents.....	1960	86
65.2 cents.....	1961	84
68.7.....	1962	79
72.7 cents.....	1963	75

*Burley tobacco*

[1958 level was 55.4 cents per pound, or 90 percent of parity]

Full parity	Year	1958 level expressed as percent of parity
63.8 cents (April).....	1959	87
64.0 cents (May).....	1959	87
66.1 cents.....	1960	84
69.1 cents.....	1961	80
73.3 cents.....	1962	76
77.7 cents.....	1963	71

Five years from now, the proponents of this legislation say that 90 percent



of old parity might be higher than the 1958 level in dollars and cents. This would mean an 18.1 percent a pound higher price, if we stayed on modernized parity at 90 percent support. In 1959, if there is a freeze bill, tobacco will be supported at 88 percent of parity for Flue-cured tobacco or 87 percent of parity for burley tobacco. In 1961, 3 years later, it would be supported for Flue-cured tobacco at 84 percent of parity and in 1962 at 80 percent of parity. And if the trends continue as they have in the past 4 years, 5 years from now, 1963, the support price that is indicated in 1958 in dollars and cents will mean, for Flue-cured tobacco, 75 percent of parity and for burley tobacco 71 percent of parity.

I think this is a clear indication that in order to hold markets producers of an important agricultural commodity are willing to take a lower price for their commodity. It also shows that markets are one of the most important things we need to consider in producing our agricultural commodities, because if we hold the price of any crop so high that it cannot be sold on the domestic or the foreign market, we stand to lose as farmers, because as farmers we want to produce. A farmer's natural inclination is to produce from fence row to fence row. He hates to be cut back on production.

Here we have a program that has been held up as a perfect example of high price supports with controls to make it work. And most every year it seems that further cuts in acreage are imposed. It was indicated this afternoon that the acreage of tobacco has been cut back between 45 and 50 percent, and our chairman has mentioned many times that in 3 years they have taken 37½ percent reduction in acreage. Now at last they come in and ask for a reduction in price in order that they may be able to keep their markets, that is, the markets that they have left. There has been a great loss in markets of tobacco and, as we look at the other commodities in agriculture and consider them, we should watch what has happened to tobacco; because there is a danger of pricing a commodity out of the market.

Mr. Chairman, I am going to support the amendment of the gentleman from Iowa to freeze the price support of tobacco at the 1958 level for 3 years because, even though it would be detrimental, I agree, to the tobacco industry, if we waited the full 3 years before anything was done for tobacco, yet I think there would be time in those 3 years to work out a more acceptable program for tobacco. If that amendment does not carry, I plan to support the bill, because at least this will hold the price support on tobacco at the 1958 level, rather than allowing it to jump about 7 cents in this year and an additional amount each year at a greater cost to the Government and a loss of markets and income to the tobacco farmers. It will be necessary to have further acreage reductions I am quite certain in tobacco as time goes on, but at least this is a step in the right direction.

I hope that the amendment to be offered by the gentleman from Iowa will be adopted.

Mr. COOLEY. Mr. Chairman, I yield 2 minutes to the gentleman from Kentucky [Mr. PERKINS].

Mr. PERKINS. Mr. Chairman, I rise in support of the legislation.

I have some 20,000 small growers in the district that I am privileged to represent and the growers in general are satisfied with the present tobacco program. The small grower cannot stand any further reduction in acreage. It is only natural through legislation to improve a program if we feel such a result may be brought about by legislation. Personally, I feel the rigid price support program, insofar as burley tobacco is concerned, has worked well. In fact, the support price has only risen 8 cents over the past 5 years, and I think on burley 31 from 47 cents to 55 cents through the years 1953-58. I am not alarmed by all of this talk that we need flexible price supports.

With respect to the desirability of preventing further increases in tobacco support prices in the immediate future, there is general agreement that unless the support price is stabilized at or near present levels, exports will decrease and allotments will be reduced. While this will be most serious for the producers of Flue-cured and other types of tobacco where as much as 40 percent of the crop is exported, its influence will spread to the producers of burley. The economy of the majority of the counties in the district that I am privileged to represent is based to a great degree on tobacco, the annual income ranging anywhere from \$500,000 to \$2,500,000 in some counties. The tobacco farmers in these counties cannot absorb additional acreage reductions in the face of current economic conditions. I feel that additional acreage reductions will not become necessary if the Secretary of Agriculture will make full use of the provisions of Public Law 480 for increasing our burley tobacco exports.

Mr. Chairman, I urge the passage of this legislation.

The CHAIRMAN. The time of the gentleman has expired.

(Mr. PERKINS asked and was given permission to revise and extend his remarks.)

Mr. HOEVEN. Mr. Chairman, I yield 5 minutes to the gentlewoman from New York [Mrs. ST. GEORGE].

Mrs. ST. GEORGE. Mr. Chairman, first of all I want to thank the very distinguished ranking Member from the State of Iowa for having given me permission to speak on this bill. I do not represent tobacco farmers. I am not a friend of price supports. In fact, I am almost sure that anything I say to this gathering will be supremely unpopular. But I would like to take you down a different vista entirely. I am sure almost everyone within the sound of my voice has contributed and will contribute generously to cancer research. I am also sure that in a very short time we will have many bills introduced asking that the Federal Government contribute generously and in large amounts to re-

search for the discovery of a cure for cancer, especially cancer of the lungs. There are many people who know far more about this than I do, who have studied the matter and who are persuaded and honestly persuaded, and there are medical people among them too, that tobacco is injurious and that tobacco in many instances may cause the dread disease of cancer. I am not here to tell you that tobacco is no longer going to be grown in this country, but I would ask you to consider first whether tobacco should be regarded and treated as a basic crop. It seems to me a basic crop is something we all need; something we require for our welfare; something that we have to have. Of course, it is possible to make a living by growing a crop that is not basic. There is no doubt that farmers can do that. The gentleman from Pennsylvania [Mr. DAGUE] pointed that out in his very excellent remarks earlier, but after all, if everyone who wants to grow something has to be supported, we might just as well carry that out to its logical conclusion and support the people in New York City who are growing marijuana quite successfully in their window boxes. As I say, that too can be done. It seems to me that having heard the pros and cons on this bill, there is no doubt that the supports, which some of them may have wanted and some may not have wanted, are in fact pricing their product out of the world markets. And they are not the only ones. This is only a small cloud on the horizon. You and I, as we stay in this House of Representatives and in this Congress, are going to hear more and more often of our commodities being priced out of the markets of the world. Are we going to continue on this path of Government support for every crop and every commodity that cannot hold its own in the world markets? The end of that road is in sight—and you all know what that end is. For that reason I hope, the Hoeven amendment, which to my mind is a step in the right direction, will be adopted. I would like to call your attention to this: That we might well, all of us, go much further and try to restrict supports, if they are needed, to the things that are fundamental and basic for the welfare of our country. There certainly is grave doubt that tobacco and the use of tobacco could qualify for support on the basis of such criteria. After all, you are not supporting the alcoholic beverage industry. They make bourbon in this country and they make many other things of the same kind and, perhaps, they will be having difficulty soon in selling their products in the world markets. I do not know. So why not apply the same yardstick and why not gradually restrict these supports to those commodities and those basic crops which our people absolutely have to have so that they can be furnished with the necessities of life.

The CHAIRMAN. The time of the gentlewoman from New York has expired.

Mr. COOLEY. Mr. Chairman, I yield 5 minutes to the gentleman from North Carolina [Mr. DURHAM].



(Mr. DURHAM asked and was given permission to revise and extend his remarks.)

Mr. DURHAM. Mr. Chairman, I do not pose as an expert on farm problems, but I do know the difference between a ham string and a crupper. I was raised on a tobacco farm and know what it is to sucker tobacco, worm tobacco, and cure tobacco, and I do feel that I can qualify on the burdensome task involved in producing this commodity and preparing it for the market.

I know that much of our tobacco in my section of the country is raised by the farmer and his mule because it cannot be done by machinery.

I am not convinced that this is going to solve all problems for the tobacco farmers. Today at least 50 percent of the income of the farmers in the State of North Carolina comes from this commodity, and that means something to us, it means something to our institutions, and also it means something to the Federal Government, for today the Federal Government is taxing this commodity more than any other commodity in the channels of our trade and commerce in this country. I think we should take it seriously and endeavor to find a solution.

The gentlewoman from New York [Mrs. Sr. GEORGE] has injected into this debate here a problem about which we are all concerned, of course. This discussion has gone on from time to time as to whether or not this commodity which we are speaking of here this afternoon does contribute to cancer. Many great and fine laboratories throughout the country are engaged in this research problem, and all the large tobacco manufacturers today have laboratories, financed by the tobacco companies, in which they are trying to determine whether or not this is the true fact. We have two or three of the finest research laboratories in our section of the country, and we have the finest technicians and research people pursuing research in these laboratories. It is much like many of the problems we face in the overall research field presently. There is disagreement in many fields of research. I certainly hope and pray, of course, that some day we will find a cure for cancer, having had experience with it in my own family. I know something about it by the loss of my own dear wife. Much of the research activity of this country is devoted to an endeavor to find out some way to cure this dread malady. We are spending millions and millions of dollars here this year in public funds beside the millions being spent by private foundations, in research in the laboratories to determine the true facts with respect to it.

Looking at the bill before us I know of no group that has come in here—corn, wheat, cotton, or any other group—which has agreed to freeze at today's level of commodity prices guaranteed under the parity formula, whether it is 90 percent, 70 percent, or 60 percent. It is a great sacrifice for the tobacco farmers. We have taken his acreage away from him in our section until the small tobacco farmer today

has nothing much left. As you know our State is composed of small farmers, and unless he has 1, 2, or 3 acres of tobacco he has nothing to live on, and they have to fall back onto social security or some other type of relief for their existence.

Speaking of export trade, as to whether or not this is going to solve much of the problem I am not sure. I have visited a good many places in Europe over the last several years and I have inquired into conditions. I have seen it come to the situation where tobacco is grown in Germany, Switzerland, down in Greece, down in Italy, all over those countries today. In my last visit over there, a year ago, I bought a can of tobacco for which I would pay 15 cents in this country, but there I had to pay 90 cents. I asked the merchant why such an exorbitant price, and told him that we would get the same thing for 15 cents in our country. He said: "Well, we are trying to price you out of business so that we can grow our own tobacco." They are perfectly frank about it. I think our State Department should be better traders than they are in their negotiations and trade agreements. During the war the demand for American tobacco was high in those countries but today we are simply being priced out of the market because of low wages and cheaper tobaccos. It is not what the average American would enjoy smoking, but they smoke it over there.

Mr. Chairman, I do hope we enact this bill today. I feel that it will help some. I do not say it is going to cure all the tobacco farmer's problems, but it will help, and they certainly do have a problem.

Mr. HOEVEN. Mr. Chairman, I yield 3 minutes to the gentleman from Illinois [Mr. MICHEL].

Mr. MICHEL. Mr. Chairman, I take this opportunity to make several observations and to ask the Chairman a question, if I may.

Several days ago, the Members will recall, when we had on the floor of the House the Agriculture appropriation bill. We wrote into the appropriation bill a limitation of \$50,000 on any one Commodity Credit Corporation loan. Admittedly, the language was not defined in this body to the extent it should have been, but in the other body a definition of that language was made.

This morning our Subcommittee on Agriculture Appropriations took this matter up with the Secretary of Agriculture, and through a prolonged discussion it was the feeling among the members that this kind of legislation should not come on an appropriation bill, but, rather, should be the work of a legislative committee. I am wondering now what the position of the chairman of the Committee on Agriculture would be if an amendment were offered to this bill which would in effect invoke this \$50,000 limitation.

Mr. COOLEY. The gentleman will recall that when the Taber amendment was on the floor for consideration I objected to it because I believed it would have destroyed completely the tobacco,

rice, and peanut programs, and other programs, as well, because the limitation was applicable to cooperatives through which the programs are operated. That very afternoon, after the House had debated the Taber amendment, I received a letter from the Secretary of Agriculture, Mr. Benson, in which he agreed that the limitation should not be applicable to co-ops. This tobacco program is operated through a co-op. There are no individual loans. The peanut program is likewise operated through a co-op.

I have no objection to a reasonable limitation, if it could be made to work, but I do not believe we should adopt any limitation on these loans, because I do not think we should discriminate against a man because he happens to be a large operator. These large loans have largely been paid off. I know of some of them that have been paid back in full with interest, and they do make for stability in the market.

Mr. MICHEL. I may say to the gentleman that the language in the other body was designed for tobacco producers, and it is not our intention, even if one large landowner should have a number of tenants, to discriminate against the individual tenant. Each one of them can get up to \$50,000. What we seek to do, of course, is to put in some overall limitation, and it seems to me \$50,000 is not unreasonable. I would like to know how the chairman thinks about that.

Mr. COOLEY. I have seen the language, and I have no objection to the language that will ultimately be in the bill, but I still do not go along with the idea of limiting these loans.

Mr. HOEVEN. Mr. Chairman, I yield 3 minutes to the gentleman from Michigan [Mr. HOFFMAN].

(Mr. HOFFMAN of Michigan asked and was given permission to revise and extend his remarks.)

Mr. HOFFMAN of Michigan. Mr. Chairman, I ask unanimous consent to speak out of order.

The CHAIRMAN. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. HOFFMAN of Michigan. Mr. Chairman, all Members of the House are interested in proposed labor legislation.

In view of the statement on the ticker that Mr. Reuther spent some 40 minutes with the Speaker of the House today, discussing the prospect of the enactment of labor legislation, so-called, and recalling that the House Committee on Education and Labor intends to close hearing tomorrow and start writing a bill the day after, it would seem that before too long that committee will report out a bill for the consideration of the House.

This afternoon, two witnesses, attorneys, appeared for James R. Hoffa. I asked them if they were authorized to present his views and they stated that they were. Earlier today they had criticized the bills which have been given to the committee for consideration, and, as they appeared to be, and undoubtedly they are, exceptionally capable attorneys with years of experience in connection with labor disputes and litigation, and



seem familiar with the decisions of inferior as well as with the decisions of the U.S. Supreme Court, I asked them to give us a bill not later than next Monday which would incorporate Mr. Hoffa's views. This they agreed to do.

Inasmuch as members have had opportunity to examine the various bills which have been presented, may I most humbly suggest that when Mr. Hoffa's bill comes in next Monday, it be critically examined with the thought that it is barely possible that some worthwhile suggestions may be found in it.

Much as we need labor legislation, and the need is imperative, unless we can bring from the floor of the House a bill which will minimize and I hope end blackmail picketing as described by Senator McCLELLAN, and secondary boycotts, it will be impossible for me to vote for it.

The evils growing out of those two activities are almost immeasurable and it is idle to pretend to protect the public or the individual citizen or the union man himself unless those two evil practices are barred.

Mr. HOEVEN. Mr. Chairman, I have no further requests for time.

Mr. COOLEY. Mr. Chairman, I have no further requests for time.

The CHAIRMAN. There being no further requests for time, the Clerk will read the bill for amendment.

The Clerk read as follows:

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That section 101(c) of the Agricultural Act of 1949 is amended by deleting the period at the end thereof and adding a colon and the following: "Provided, That for any kind of tobacco (other than Connecticut Valley cigar binder types 51 and 52) for which marketing quotas were in effect for the 1958 crop, the level of support computed in dollars and cents for each subsequent crop of such tobacco for which marketing quotas are in effect shall not exceed the level of support computed in dollars and cents applicable to the 1958 crop until 90 per centum of the parity price as of the beginning of the marketing year for a subsequent crop computed in the manner used prior to the enactment of the Agricultural Act of 1949 exceeds the level of support applicable to the 1958 crop or 90 per centum of the parity price computed as provided in the Agricultural Adjustment Act of 1938, as amended, whereupon the level of support for such subsequent crop and each crop thereafter shall be 90 per centum of the parity price as of the beginning of the marketing year computed in the manner used prior to the enactment of the Agricultural Act of 1949, or computed as provided in the Agricultural Adjustment Act of 1938, as amended, whichever computation results in the lower level of support: *And provided further,* That in computing parity in the manner used prior to the enactment of the Agricultural Act of 1949, the parity index as defined in section 301(a)(1)(C) of the Agricultural Adjustment Act of 1938, as amended, shall be used except that in lieu of the period January 1910 to December 1914, inclusive, the base period applicable to the kind of tobacco prior to the enactment of the Agricultural Act of 1949 shall be used."

SEC. 2. Section 2 of the Act of July 28, 1945, as amended (59 Stat. 506; 7 U.S.C. 1312 note), is amended by deleting the proviso at the end thereof and substituting therefor a new proviso reading as follows: "Provided, That beginning with the 1959 crop, the level of support for each such kind of tobacco

shall not exceed a maximum level of support determined therefor pursuant to the provisos in section 101(c) of the Agricultural Act of 1949, as amended."

Mr. COOLEY (interrupting the reading of the bill). Mr. Chairman, I ask unanimous consent that the bill be considered as read and open to amendment at any point.

The CHAIRMAN. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

Mr. HOEVEN. Mr. Chairman, I offer two amendments, and I would like to have them considered en bloc.

The CHAIRMAN. Is there objection to the request of the gentleman from Iowa?

There was no objection.

The Clerk read as follows:

Amendments offered by Mr. HOEVEN: Page 1, line 9, after the words "and cents for" strike out "each subsequent crop" and insert in lieu thereof "the 1959, 1960, and 1961 crops."

Page 2, line 2, after the word "crop" strike out the rest of line 2 and strike out lines 3 through 22 and insert a period after the word "crop."

Mr. COOLEY. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. DELANEY, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (S. 1901) to amend section 101(c) of the Agricultural Act of 1949 and the act of July 28, 1945, to stabilize and protect the level of support for tobacco, had come to no resolution thereon.

#### CORRECTION OF VOTE

Mr. RUTHERFORD. Mr. Speaker, on rollcall No. 69, I am recorded as not voting. I was present and voted "aye." I ask unanimous consent that the Record and Journal be corrected accordingly.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. RAINS. Mr. Speaker, on rollcall No. 71, I am recorded as not voting. I was present and voted "aye." I ask unanimous consent that the Record and Journal be corrected accordingly.

The SPEAKER. Is there objection to the request of the gentleman from Alabama?

There was no objection.

#### SUPREME COURT IN BARENBLATT CASE UPHOLDS HOUSE UN-AMERICAN ACTIVITIES COMMITTEE MANDATE BY CONGRESS

(Mr. DOYLE asked and was given permission to extend his remarks at this point in the RECORD.)

Mr. DOYLE. Mr. Speaker, by reason of unanimous consent this day granted me so to do, I am pleased to present excerpts from the Supreme Court's majority opinion, which decision was rendered by your highest Court on yesterday, in the important case of Lloyd Baren-

blatt, a former instructor at Vassar College, who refused to answer questions asked him by the Un-American Activities Committee of the House of Representatives about his Communist associations, and as to whether or not he was a member of the Communist Party, or had ever been a member of the Communist Party. Other questions were also asked him which he also refused to answer. The vote of the Court was 5 to 4 and the decision of the Court therefore affirmed the contempt conviction of Barenblatt.

The dissent of the minority members of the Court you will find in the Appendix of this RECORD as of this date.

The following is the text of the newspaper comments of the case in the New York Times as of June 9, 1959. It recites historical facts and information which will be found interesting and valuable in the reading of this important decision in the Barenblatt case:

#### MAJORITY OPINION

(Mr. Justice Harlan delivered the opinion of the Court:)

Once more the Court is required to resolve the conflicting constitutional claims of congressional power and of an individual's right to resist its exercise. The congressional power in question concerns the internal process of Congress in moving within its legislative domain; it involves the utilization of its committees to secure "testimony needed to enable it efficiently to exercise a legislative function belonging to it under the constitution." *McGrain v. Daugherty*, 273 U.S. 135, 160. The power of inquiry has been employed by Congress throughout our history, over the whole range of the national interests concerning which Congress might legislate or decide upon due investigation not to legislate; it has similarly been utilized in determining what to appropriate from the national purse, or whether to appropriate. The scope of the power of inquiry, in short, is as penetrating and far-reaching as the potential power to enact and appropriate under the Constitution.

Broad as it is, the power is not, however, without limitations. Since Congress may only investigate into those areas in which it may potentially legislate or appropriate, it cannot inquire into matters which are within the exclusive province of one or the other branch of the Government. Lacking the judicial power given to the Judiciary, it cannot inquire into matters that are exclusively the concern of the Judiciary. Neither can it supplant the Executive in what exclusively belongs to the Executive. And the Congress, in common with all branches of the Government, must exercise its powers subject to the limitations placed by the Constitution on Governmental action, more particularly in the context of this case the relevant limitations of the Bill of Rights.

#### VIEWED IN PERSPECTIVE

The congressional power of inquiry, its range and scope, and an individual's duty in relation to it, must be viewed in proper perspective. — *McGrain v. Daugherty*, supra; Landis, *Congressional Power of Investigation*, 40 Harv. L. Rev. 214; Black, *Inside a Senate Investigation*, 172 Harper's Monthly 275 (February 1936). The power and the right of resistance to it are to be judged in the concrete, not on the basis of abstractions. In the present case congressional efforts to learn the extent of a nation-wide, indeed world-wide, problem have brought one of its investigating committees into the field of education. Of course, broadly viewed, inquiries cannot be made into the teaching that is pursued in any of our educational institutions. When academic teaching







# Digest of CONGRESSIONAL PROCEEDINGS

OFFICE OF  
BUDGET AND FINANCE

(For Department  
Staff Only)

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

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For actions of June 10, 1959  
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HIGHLIGHTS: House passed tobacco price support bill. House debated wheat bill. House Rules Committee cleared bill to extend mutual security program. Rep. Coffin submitted and discussed measure to authorize special study and investigation of farm program.

## HOUSE

1. TOBACCO. Passed, 250 to 149, with amendment S. 1901, to modify price supports for tobacco (pp. 9408-22).

Agreed to, 108 to 55, an amendment by Rep. Michel to limit to \$50,000 the total amount of CCC loans or purchases made to any person on the 1960 production of tobacco. The amendment exempts cooperative marketing organizations. (pp. 9416-7)

Rejected, 65 to 123, an amendment by Rep. Hoeven to provide for a 3-year freeze on tobacco price supports at the 1958 level for the 1959, 1960, and 1961 crops (pp. 9408-16).

Rejected an amendment by Rep. Pelly to provide that no financial benefit or assistance shall accrue or be paid, directly or indirectly, under the bill to any Member of Congress or employee of the Federal Government (p. 9416).

Rejected an amendment by Rep. Michel to limit to 2 acres the Flue-cured tobacco acreage allotment for any farm in 1960 and subsequent years (pp. 9417-20)



Rejected, 138 to 260, a motion by Rep. Hoeven to recommit the bill to the Agriculture Committee with instructions to report it back with his amendment providing for a 3-year freeze on tobacco price supports (pp. 9421-22). A motion to reconsider the vote on the bill was tabled (p. 9422).

2. WHEAT. Began debate on H. R. 7246, to revise acreage allotments and price supports for wheat. pp. 9423-32
3. FOREIGN AID. The Rules Committee reported a resolution for consideration of H. R. 7500, to extend the mutual security program (pp. 9422, 9438). As reported by the Foreign Affairs Committee, this bill includes provisions as follows: Requires that at least \$175,000,000 (same amount as in last year's act) of mutual security funds be used to finance the sale for foreign currencies of surplus agricultural commodities. Authorizes \$2,300,000 (last year's appropriation was \$2,100,000) for ocean freight to move supplies donated to and by American voluntary agencies. Authorizes the President to utilize foreign currencies under this bill, or any other act, for science and research, including the translation of scientific books and treatises. Authorizes \$211,000,000 for technical cooperation programs.  
Regarding the use of private trade channels in the export and sale of surplus commodities for foreign currencies, the committee report includes the following statements:  
"This committee supports the objectives of avoiding direct State trading in these transactions and of keeping the commodities in private trade channels so far as practicable. However, it wishes to emphasize that economy and efficiency are to be carefully considered in determining 'practicability'. In particular, it would appear that where a transaction is essentially between two arms of the U. S. Government, the ICA and the CCC, a careful study should be made to determine whether a more advantageous form of transfer might be arranged."
4. PERSONNEL; HOLIDAYS. The Rules Committee reported a resolution for consideration of H. R. 5752, to provide for time off for Federal employees for holidays occurring on Saturdays. pp. 9422-3, 9438
5. FORESTRY. The Interior and Insular Affairs Committee voted to report (but did not actually report) with amendment H. R. 3682, to permit the processing of certain applications under the Small Tracts Act for lands included in the Caribous and Targhee National Forests. p. D460
6. RECLAMATION. The Interior and Insular Affairs Committee voted to report (but did not actually report) the following bills: p. D460  
H. R. 968, with amendment, to provide for the construction of the Bully Creek Dam and other facilities, Vale Federal reclamation project, Ore.  
H. R. 804, with amendment, to authorize construction of the Spokane Valley Federal reclamation project, Wash. and Ida.
7. EMPLOYMENT; PRICES. The Government Operations Committee voted to report (but did not actually report) H. R. 6263, to amend the Employment Act of 1946 so as to provide for its more effective administration, and to bring to bear an informed public opinion upon price and wage increases which threaten economic stability. p. D460
8. INFORMATION. A subcommittee of the Education and Labor Committee voted to report to the full committee H. R. 2569 (amended and a clean bill will be introduced), to establish a 21-member Federal Advisory Council on the Arts. p. D460



\$500,000; an extension of the benefits of treatment as pension plan reserves to reserves held in connection with employee annuities, not under a qualified plan, which have been purchased by a tax-exempt organization described in section 501(c)(3), such as a school or a church; and assurance of a deduction for interest paid to special contingency reserves established pursuant to law in connection with the Federal employees' group life insurance plan.

## AMENDMENT 12

This is another major amendment that can be explained in several parts:

(a) The amendment rewrites for the phase 2 tax base, the treatment of tax-exempt interest and dividends received in the same manner as the revision described in connection with amendment 11.

(b) The amendment provides an alternative calculation for the special deduction for nonparticipating insurance business, namely, 3 percent of premiums. This alternative will make the deduction more realistic for certain companies, such as those selling non-cancellable accident and health insurance, that have substantial insurance risk which is not adequately measured by the size of life insurance reserves.

(c) This amendment also provides a limited deduction under phase 2 of the bill for distributions in 1958 and 1959 in connection with plans of mutualization adopted prior to January 1, 1958. These distributions are in the nature of fixed charges against the insurance company that were determined prior to the imposition of a total income tax for these years.

(d) Under the House bill, certain deductions were allowed for purposes of the total income tax base in phase 2, but allowed in only a limited way. Specifically they were not allowed to the extent that they would reduce the phase 2 tax base below the taxable investment income determined under phase 1. To this extent, the phase 1 tax was intended to be preserved as a minimum tax. The deductions that were limited in this way were the deductions for policy dividends on participating contracts, the special deduction for nonparticipating business, and the special deduction for group insurance. The bill as agreed to by the conferees provides that these deductions may be taken in phase 2 even where they produce a negative that serves to reduce the tax on investment income provided that this reduction of the phase 1 tax may not exceed \$250,000. I speak for all of the House conferees when I say that our acceptance of this provision does not imply that we favor any general permission for mutual companies to eliminate their tax base by increasing the level of policy dividends. This deduction up to \$250,000 we consider to be an allowance of the special problems of small insurance companies, both stock and mutual. Any dividends permitted under this limited ceiling would not constitute a competitive problem.

## AMENDMENTS 20 AND 23

Both of these amendments are connected with the fact that typically-life

insurance companies show a loss from operation in their early years by charging off as an expense in those years many of the costs associated with income that will be received in later years. For this reason the bill permits losses arising in the years 1955, 1956 and 1957 to be carried over and applied against the tax base in the year 1958 and later years. The losses arising in these years would be offset against any gains from those years before being carried over. This will be of principal benefit to new businesses. Another special loss provision provides that new companies may have an 8-year carryover of losses—rather than the usual 5-year carryover—with respect to losses arising in the first 5 years of their operation. The bill as passed by the Senate would have provided a 10-year carryover for new companies but was reduced to 8 years by the conferees. The 8-year carryover figure was reached by recognizing that a new company does not have prior earnings experience to take advantage of the 3-year carryback provided for ordinary companies and thus the 3 years of the carryback were added to the 5 years of the carryover. A company is not regarded as new if it is the parent or the subsidiary of another corporation.

## AMENDMENT 27

This amendment provides that a distribution redemption of certain preferred stock issued before January 1, 1958 will not be treated as a distribution to which the phase 3 tax applies. Your conferees believe that preferred stock is extremely rare in life insurance company financing and thus it is realistic to assume that the preferred stock issues to which this provision would apply were intended to be temporary financing arrangements and their redemption could be treated as being in the nature of repayment of a loan.

## AMENDMENTS 28, 29, 30, AND 34

As was mentioned earlier, the bill provides that the phase 3 tax will not come into operation until 1959. In general the phase 3 tax is not supposed to apply to any distribution of profits with respect to which taxes already have been paid. These amendments provide that a company can distribute as dividends in 1959 or thereafter any retained taxpaid life insurance company taxable income for 1958 before the distribution is regarded as being a taxable distribution of previously untaxed income.

## AMENDMENT 35

This amendment strengthens the House bill by requiring life insurance companies to add to the policyholder surplus account the special deductions allowed for nonparticipating business and for group insurance. The effect of this is to impose the phase 3 tax if the amounts accumulated under these special deductions are distributed to stockholders instead of being held to meet contingencies within the companies.

## AMENDMENTS 38, 39, 40, AND 58

Under the House bill the phase 3 tax was imposed on the accumulated untaxed income whenever a company ceased to be a life insurance company. Under the amendment the phase 3 tax does not fall

on the accumulated untaxed income unless the company ceases to be a life insurance company for two successive years or ceases to be an insurance company at all for 1 year. Thus the penalty of the phase 3 tax on the entire accumulation will not be imposed if for a single year a company fails to meet the definition of a life insurance company and is treated as a casualty insurance company. Appropriate safeguards are provided to prevent tax-free distribution of this accumulation while a company is not a life insurance company and to keep the statute of limitations open as necessary to enforce the provisions.

## AMENDMENTS 41 TO 44

The phase 3 tax provided in the House bill would ordinarily come into operation when the accumulated untaxed income was distributed to stockholders. It was also provided that this tax would also come into operation when these accumulations exceed certain levels indicating that they were too large to be regarded as necessary for the business. These amendments generally reduce the levels provided under the House bill. The alternative of 25 percent of life insurance reserves is reduced to 15 percent. The alternative of 60 percent of premiums is reduced to 50 percent. A third alternative was introduced, which is 25 percent of the reserves accumulated after the end of 1958.

## AMENDMENTS 49 AND 50

These are essentially technical amendments designed to carry out more uniformly the decision of the House bill to impose no tax on gains arising from sales prior to December 31, 1958, and to permit, in computing capital gains taxes, the use of the December 31, 1958, value of the property as the basis.

## AMENDMENT 50 1/2

This amendment treats as capital transactions certain reinsurance operations occurring in 1958 in which a life insurance company reinsured all of its insurance contracts of a particular type. These transactions were entered into at a time when the companies were not aware of the tax consequences under this bill. Their treatment as the sale of a capital asset will accomplish the reasonable result that the proceeds of these reinsurances will not be taxable income in 1958. It is made clear in the statement of the managers on the part of the House that the technique of treating these transactions as sales of capital assets is not to give rise to any inference as to the appropriate treatment of similar transactions occurring after 1958.

## AMENDMENT 51

This amendment provides that companies which choose to use the approximate method for revaluing preliminary term reserves for 1958 will have a fresh opportunity to choose between the approximate and the exact revaluation methods for 1959 and will only thereafter be held to a consistent use of one method or the other. This is necessary in view of the fact that many companies will not be able to test the desirability of the exact revaluation method in the



short time available for filing returns on 1958 income.

#### AMENDMENTS 52 AND 53

The House bill required life insurance companies to shift from a cash to an accrual method of reporting investment income items. It also required that investment income which would otherwise have been omitted as a result of that change—that accrued but not received on December 31, 1957—would be taxed in a special way. The companies would compute a tax as if one-tenth of this amount had been added to their 1957 income and the resulting increase in the 1957 tax would be paid annually in the 10 years beginning with 1960. The amendment provides, in effect, that in this recomputation for 1957 the operation of two special features of the 1957 law that might change the effective tax rate will be ignored. The effect of this is that almost uniformly the additional tax under the computation will be at the rate of 7.8 percent of the investment income involved.

#### AMENDMENT 55

The House bill contained special provisions relating to the application of the tax to Canadian and other foreign stock life insurance companies doing business in the United States. The amendment preserves the general intention of the House provision by making allocations between United States business and other business of these companies. The amendment avoids using an allocation ratio that would require the valuation of assets of the companies held outside of the United States. This is done by expressing the ratio in terms of the company's liabilities rather than its assets.

#### AMENDMENT 56

This is primarily a technical amendment clarifying the application of the bill to a life insurance arrangement called modified coinsurance. Essentially the amendment is designed to insure proper recognition of income, deduction, asset and reserve items between the reinsuring company and the reinsured company.

#### AMENDMENT 60

This is a necessary amendment dealing with the filing dates for the returns on 1958 income. The House bill had no provision in this area other than the elimination of any penalty under the estimated tax for payments that would have been due on their 1958 incomes in September and December of 1958. Under the amendment the 1958 return will not be due until September 15 and interest will start to run from that date. Of course, under the general provisions of corporate tax law, the companies can take an automatic 90-day extension of the time for filing so that in practice the companies will have nearly 6 months in which to compute their first tax return under the new bill.

Mr. SIMPSON of Pennsylvania. Mr. Speaker, I have joined with the distinguished chairman of the Committee on Ways and Means in urging the House to adopt the conference report on H.R. 4245 relating to the income taxation of life insurance companies.

At the outset of my remarks I would express the view that the conference report presents to the House an improved version of the bill that was considered and passed by the House last February. While this legislation represents the diligent efforts of the entire membership of the Committee on Ways and Means as well as the endeavors of many distinguished Members of the other body, I would particularly commend my committee chairman, the gentleman from Arkansas, at this time. I believe it fair to say that no other one individual brought more diligent or more able endeavor to the task of developing this permanent formula for life insurance company income taxation than has the gentleman from Arkansas [Mr. MILLS].

The esteemed chairman of the committee has already presented to you an able technical discussion of the provisions that have been changed in the legislative process subsequent to the passage of H.R. 4245 by the House. Therefore, I will not undertake to give a detailed account of those changes. I will express approval of the fact that the bill in its final form will impose a somewhat less harsh tax burden on the insurance form of savings than would have been imposed under the original House bill. It is my conviction that the tax formula in its present form is equitably related to the ability of the industry to pay tax and in addition fairly apportions the total burden among the competing companies within the industry. As we gain experience with this formula the Congress can in its wisdom undertake to make adjustments that seem warranted in the light of that experience.

As was true with respect to the House bill insurance companies will be taxed on investment income, on underwriting gains, and on gains from dispositions of capital assets. The bill contains provisions which will ameliorate the impact of the tax burden on certain types of companies during a transitional period necessary because of the change in tax formula. The treatment of tax-exempt interest under the conference version of the bill will make it more clear that such exempt income is not to be subject to tax. Under this tax formula new companies will find it possible to enter the industry and assure a continuation of a high degree of competition for the benefit and security of our citizens.

Mr. Speaker, I have already commended the committee chairman and my many committee colleagues for the work they have done on this legislation. I would also express what I am sure is the unanimous appreciation of the Congress for the work that has been done by the staffs of the Treasury, the Joint Committee on Internal Revenue Taxation, the House legislative counsel, and the Committee on Ways and Means. I have urged my colleagues in the House to approve this meritorious conference report on H.R. 4245.

Mr. IKARD. Mr. Speaker, I would like to make an inquiry of the chairman of the Committee on Ways and Means in regard to certain provisions in the pending bill, H.R. 4245.

I understand that the purpose of sections 804(a)(5) and 809(b)(6), added by the Senate, is to insure that other provisions in the bill do not impose a tax on tax-exempt interest and do not disallow the corporate dividends received deduction. I further understand in this respect that the pending bill differs from H.R. 4245 as passed by the House and also differs from previous Revenue Acts applicable to life insurance companies enacted since 1942.

The reason for this different approach in the pending bill is that prior laws taxing life insurance companies were primarily an excise tax on only part of a life insurance company's income whereas the pending bill is an income tax on all of a company's income. However, because of the method of determining an insurance company's income under this bill the application of sections 804(a)(5) and 809(b)(6) is to be a matter of proof in each case.

Mr. Speaker, is my understanding correct?

Mr. MILLS. The pending bill clarified the language of the House bill to make it definite that we do not intend to tax the interest on tax-exempt securities. It provides that if it is established in any case that any provision of the bill results in levying a tax on tax-exempt securities such provision shall be adjusted so that it does not do so. This is a different approach from previous revenue acts passed since 1942 as the old laws were based upon the experience of the industry as a whole rather than on the experience of each individual company.

#### CORRECTION OF ROLL CALL

Mr. LEVERING. Mr. Speaker, on roll-call No. 35; on April 30, I am not recorded. I was present and answered to my name. I ask unanimous consent that the permanent Record and the Journal be corrected accordingly.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

#### TOBACCO PRICE SUPPORT

Mr. COOLEY. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill (S. 901) to amend section 101(c) of the Agricultural Act of 1949 and the act of July 28, 1945, to stabilize and protect the level of support for tobacco.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill S. 901, with Mr. DELANEY in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. When the Committee rose on yesterday, there were pending the amendments of the gentleman from Iowa [Mr. HOEVEN]. Without objection, the Clerk will report the amendments of the gentleman from Iowa.

The Clerk read as follows:

Amendments offered by Mr. HOEVEN: Page 1, line 9, after the words "and cents for",



strike out "each subsequent crop" and insert in lieu thereof "the 1959, 1960, and 1961 crops."

Page 2, line 2, after the word "crop", strike out the rest of line 2 and strike out lines 3 through 22 and insert a period after the word "crop."

The CHAIRMAN. The Chair recognizes the gentleman from Iowa [Mr. HOEVEN].

Mr. HOEVEN. Mr. Chairman, this amendment simply calls a spade a spade and brings the entire matter into the open. Instead of hanging on to the gimmick or gadget basing price supports on either the old or the new parity, whichever is the lower, my amendment would freeze supports at the 1958 dollars and cents level for a period of 3 years. This would mean 54.6 per pound for Flue-cured tobacco and 55.4 cents per pound for burley tobacco, both of which figures are related and based on 90 percent of the new parity formula.

The general import of S. 1901 is to lower price supports for most kinds of tobacco. The bill for all practical purposes freezes the price supports for tobacco at the 1958 dollars and cents level until either 90 percent of modernized parity falls below the 1958 level, or until 90 percent of old parity reaches the 1958 level. Thereafter, price supports would be based on whichever formula is the lower.

It is estimated that this freeze will exist for about 5 years, thus holding the level unchanged for that period. This freeze, of course, is determined to stop a steady climb in the dollar value of the tobacco price supports which has led to a corresponding drop in exports.

The bill as presented sets a bad precedent in allowing tobacco supports to be calculated on old parity. A few years ago many wheat groups sought to return to old parity calculations for price supports, but Congress denied their request. Old parity for corn is 22 cents per bushel higher than new parity. "What is sauce for the goose should also be sauce for the gander."

If tobacco is going to be given preferential treatment in this regard, why should not the same dual parity "gimmick" be afforded all other commodities? The legislation, therefore, is discriminatory in favor of the tobacco farmer. There is no sound reason to allow tobacco a special privilege of basing supports on old parity while denying it to other commodities.

The proponents of S. 1901 want the freeze at 1958 levels but also want to hand on to the 90 percent old parity formula for about 5 years simply as a face-saving proposition. This clever maneuvering will only result in fooling the tobacco farmers. Why not come into the open, get away from all this subterfuge and let the tobacco farmer know that during the next 3 years they are going to have their price supports at 1958 levels without any "gimmicks" or gadgets attached? They want to be protected at the 1958 price levels and my amendment will give them exactly what they want.

The argument that a 3-year freeze will disrupt the buying habits of large purchasers and thus cause instability

and confusion does not hold water. The shrewd and experienced buyers in the tobacco industry know very well how S. 1901 will work. They know it merely amounts to a freeze for an indefinite period of time. A definite 3-year freeze would cause no uncertainty; it would protect the value of current inventories and investments, it would suspend the action of the haywire tobacco parity formula, and it would prevent another acreage reduction.

My amendment should be supported if the tobacco industry actually wants legislation which can be enacted into law. The amendment has the full approval of the Department of Agriculture, and I urge that the amendment be adopted.

[Mr. BASS of Tennessee addressed the Committee. His remarks will appear hereafter in the Appendix.]

Mr. HOFFMAN of Michigan. Mr. Chairman, a point of order. I demand that those words be taken down.

The CHAIRMAN. The Clerk will report the words objected to.

Mr. HOFFMAN of Michigan. Mr. Chairman, the minority leader suggests that I was a little—he did not use that word, but I gather—impetuous, so I withdraw the request.

Mr. WATTS. Mr. Chairman, I move to strike out the last word and rise in opposition to the amendment.

Mr. Chairman, if you will bear with me for just a few moments, I would like to point out the difference between the effect of the bill as reported by the committee and the effect of the Hoeven amendment if it should be adopted.

First I want to say that we have not asked for special treatment. We have come before this Congress in the committee bill and asked you to give us the lower of support prices computed on the basis of either the new or old parity. If the time ever comes that support prices computed at new parity is lower than the old we want the new; if on the other hand the old parity is lower than the new we want the old.

If there is any other agricultural commodity in this country that wants the lower of the two price parities we in tobacco certainly are willing that they should do so.

Mr. COOLEY. Mr. Chairman, will the gentleman yield?

Mr. WATTS. I yield to the gentleman from North Carolina.

Mr. COOLEY. Will the gentleman explain to the House why tobacco is in the situation it is in at the moment, how it happens it is in a unique position in regard to price supports?

Mr. WATTS. I will if I have time. I would like to analyze the bill and the amendment.

Mr. Chairman, in the first place the amendment will not accomplish what should be done. It would merely freeze the price of tobacco for 3 years and at the end of that 3-year period let me show you on this chart what would happen.

Here is the 1958 level. Under the bill that we propose we would freeze the support price of tobacco at this level until the support price computed on basis of old parity would equal it. Thereafter the support price would be computed on

basis of old or new parity, and established at the lower of the two figures.

Under the Hoeven amendment tobacco would be held at 1958 levels for 3 years. At the end of the third year the price would jump sharply to the point that the price of tobacco would increase 10 or 11 cents. But if the committee's bill is in effect it will continue prices at this level with gradual increases or decreases according to whether the cost of living goes up or down.

There are other reasons why the Hoeven amendment will not work satisfactorily. In the event of serious depression in the next 3 years and it should become necessary or advisable for the price of tobacco to go down, the Hoeven amendment would prevent it from going down; whereas, the committee's bill would permit tobacco prices to go down with the cost of living. In the event of serious inflation and the old parity should climb above the 1958 level, the bill as presented by the committee would provide it would increase with the cost of living, whereas the Hoeven amendment would keep it stymied.

Our problem is not the 90 percent support program. That has given us no trouble. It is not supply and demand. We have kept supply and demand in line. Our trouble is that the formula for new parity has clearly demonstrated that unless all crops either go down or all crops go up, it will not work satisfactorily. When all the other commodities raised on the farm are on the down grade and tobacco is being held up high, because we have kept supply and demand in line, a distorted picture appears in this new formula which forces the tobacco prices much higher than they ought to go. For instance, in the last year the support price of tobacco went up 7.5 percent, whereas the cost of living went up 2 percent. It was never the intention of the Congress to raise the floor more than the cost of living. We have told of something that will not work. We are not asking the taxpayers to take anything out of their pockets. We are asking you to permit us to use less of your money in support of our crop.

The CHAIRMAN. The time of the gentleman from Kentucky has expired.

Mr. DIXON. Mr. Chairman, I ask unanimous consent that the gentleman may be permitted to proceed for 2 additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Utah?

Mr. MASON. Mr. Chairman, I object, and I shall object to all requests of gentlemen to extend their time.

Mr. DIXON. Mr. Chairman, I move to strike out the last word.

I would like to ask the gentleman from Kentucky several questions. First, may I say that I admire the realistic position of the tobacco people. They plead that high supports are pricing them out of the market. That is exactly what we say for all crops. That is why I admire their realism.

But is not the Hoeven amendment a holding provision, until you can develop some better legislation?



Mr. WATTS. Well, it is holding, yes, provided we do develop some better legislation, but the committee bill is also a holding provision which will function even if we do not develop any new legislation. That is where I fall out with the Hoeven amendment.

Mr. DIXON. Even with the committee bill you would like to develop that?

Mr. WATTS. Any time we can develop anything better we will do it.

Another thing I do not like about the Hoeven amendment is this.

You know, we are subject to selling our tobacco to about 9 or 10 large tobacco companies. Since this legislation has been pending, with the exception of the very most necessary sales, the sales of stocks of tobacco have been stymied awaiting the outcome of this legislation. I am fearful if we put a freeze on and be forced into the position of enacting new legislation, whether we need it or not, that the companies that have now on hand 3 or 4 years of supply will fail to buy tobacco, and you will not only freeze the price but you will freeze the sales, because they will wait us out, and the tobacco will go into Government hands.

Mr. DIXON. Would this not establish a precedent? Rice could use the old formula and have a lower support price, and possibly cotton. Are you not establishing a precedent here?—Should not all crops be treated alike?

Mr. WATTS. I would be perfectly willing to establish a precedent any day of the week any time any bunch of farmers come in and say, "Let us take a little less out of the Treasury. Let us support our crops a little bit lower."

Mr. DIXON. Suppose they want no change, because they have the privilege of either formula under this bill.

Mr. WATTS. Our bill ties us to the low. We are asking for less; not more.

Mr. DIXON. I am afraid you are establishing a precedent that the other crops are going to ask for.

Mr. WATTS. Any time the other crops want to lower their support price and want to get a lower basis of support, I am sure this Congress will be glad to accommodate them.

The CHAIRMAN. The time of the gentleman from Utah has expired.

(Mr. JENNINGS asked and was given permission to revise and extend his remarks.)

Mr. JENNINGS. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, before directing my remarks to the amendment, I think we should review the need for this bill.

First of all, as has been ably pointed out, we are losing some of our export markets. We are also losing an opportunity to gain additional export markets because of the price situation. If this legislation is not adopted, we are actually encouraging foreign producers to produce tobacco that should be supplied by our own American farmers.

Now, I pointed out yesterday that practically every segment of the tobacco industry is backing this legislation. All the industry members from the tobacco-producing States, including the farm bureaus—that is, the State farm bu-

reaus and not the American Farm Bureau—are for this legislation as are practically all other agricultural organizations.

This bill will actually help the farmer, because it will permit him to recapture some of the markets that have been lost and permit him to participate in the expansion of future markets and take advantage of the increased consumption of tobacco throughout the world.

The cost of this program was brought up yesterday. I want to read from a letter the Secretary of Agriculture sent to the Chairman of the Agriculture Committee. He says:

This proposal is superior to the present legislation in that it prevents further price support increases for some time.

H.R. 5058 is a bill almost identical to the one we are now considering with the exception of an amendment offered by the Senator from Maryland to include the Maryland type of tobacco. Let me say in that respect—and please give me your attention on the left side of the aisle over here—that this is not the Jennings bill that is being considered here today. This is the Cooper-Jordan bill sponsored by the distinguished Senators from Kentucky and North Carolina, Senator COOPER and Senator JORDAN, who are very much interested in the tobacco program and in tobacco farming. Let me again refer to what the Secretary said in his comments on the bill:

H.R. 5058 would have the tendency to lower the amount of Commodity Credit Corporation funds which would otherwise be invested in the tobacco price support program. It would effect no change in administrative expenses.

In other words, by his own letter, the Secretary says this bill will reduce the cost of the program.

Mr. HOEVEN. Mr. Chairman, will the gentleman yield?

Mr. JENNINGS. I yield to the gentleman from Iowa.

Mr. HOEVEN. I would remind the gentleman that we are considering S. 1901 and not H.R. 5058, which is a different bill. I would ask the gentleman just what the difference is between H.R. 5058 and S. 1901.

Mr. JENNINGS. Well, there is very little difference, as I pointed out, except that an amendment was offered in the Senate by the Senator from Maryland which brought in Maryland tobacco. They are both good bills.

Mr. COOLEY. Mr. Chairman, will the gentleman yield?

Mr. JENNINGS. I yield to the gentleman from North Carolina.

Mr. COOLEY. I thought the gentleman was making the point that that bill was sponsored by a very distinguished gentleman in the other body, a member of the Republican Party.

Mr. JENNINGS. This is bipartisan legislation. It is good legislation, and that is the basis on which it should be considered, on its merits.

Mr. COOLEY. And further that the Secretary of Agriculture said in effect that the bill did not go far enough and was inadequate because it did not go far enough, but indicated that it was definitely a step in the right direction.

Mr. JENNINGS. The Chairman is exactly correct in his remarks.

Let me say further as to the effects of this amendment: The gentleman said that the amendment would, for all intents and purposes, do what the bill would do for 3 years. That statement is somewhat correct, except that under the provisions of this bill, if the prices which the farmer has to pay go down, that is, the price of his tractors and insecticides and fertilizer and so forth—if that should go down, if the bottom should drop out of prices, under the bill the price support level of tobacco would go down. Under the amendment of the gentleman from Iowa [Mr. HOEVEN] the price support level could not go down because it would be frozen. It would be disastrous, just as the present situation is disastrous, because it would deny us the market.

I urge the defeat of this amendment in the interest of stabilizing the support price of tobacco, which is in the interest of our farmers. The defeat of this amendment will help keep supply in line with demand and prevent further cuts in acreage allotments.

The CHAIRMAN. The time of the gentleman from Virginia [Mr. JENNINGS] has expired.

Mr. ABERNETHY. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I should like to open my remarks by stating to the Members that I do not have a single stalk of tobacco in my district. My only interest in this bill is to assist an industry in the adoption of legislation which I think is sound and which I think the industry needs.

Mr. Chairman, I hesitate to say this; I am a little bit surprised at the opposition to this bill. I do not want to make any false charges. I know in times past I have made some pretty harsh statements in the well of this House regarding the attitude of Ezra Taft Benson and his supporters on agricultural legislation. I have been trying to be a little temperate and understanding for the last few years, but their opposition to this bill just for the sake of being obstructionists is getting under the skin of some of us. I cannot help but feel that the opposition is offered just for the purpose of being consistent in opposing everything except those things which are conceived in the mind of Ezra Benson.

Ezra Taft Benson is for lower price supports. My friends to my left and some of those to my right have supported the Secretary in that view. The American Farm Bureau Federation, which is the echo of Ezra Benson, is for lower price supports, and it has supported the Secretary in that view. The tobacco industry and the tobacco farmers of America, most of whom happen to be located in Democratic districts, have come to this Congress with a piece of legislation saying, "We are asking the Congress to permit us to pass a bill which will reduce price supports." The position of these farmers is in keeping with and in the direction of the Benson and the Farm Bureau philosophy. Then why do they oppose it? Their opposition is a mystery to everyone.

When this matter was finally voted on in our committee there was only one au-



dible "no" against it, only one. They know that. But since that hour something has happened, for some reason or for some particular purpose, and I am unable to understand what it is; somebody trumped up some very peculiar, unstable, and unsound reasons against this legislation. They have neither merit nor reason. They are the handiwork of obstructionists.

This is a consumer bill. This is a bill which is designed to reduce the price of tobacco to those who consume it. Further it is designed to increase the markets of our farmers abroad. Its objectives are good. Even Ezra Benson in his report on the bill admits these things. But he objects to it and offers nothing as a substitute.

Mr. COOLEY. Mr. Chairman, will the gentleman yield?

Mr. ABERNETHY. I am happy to yield to the gentleman.

Mr. COOLEY. Is it not a fact that every single witness who appeared before our committee opposed the proposition that is now before the House, to wit: the freezing of prices?

Mr. ABERNETHY. That is right; not only did every witness oppose the proposition—the Hoeven amendment—that is now submitted to the House, but the people who propose this proposition also opposed an identical freeze bill of last year. How inconsistent can one be?

Ah, do you not remember last year when we had the freeze bill before the Congress? Do you not remember last year when we had a bill here which would freeze and stabilize prices and acreage, not for 3 years as my friend from Iowa has proposed, but just for 1 year, my friends—the Republicans—on the left came into the well of this House and opposed it. They told us that the President would veto it. And he did. Yet they are back here today, 15 months later, proposing what? Proposing that which they opposed last year, and which they succeeded in defeating by Presidential veto.

Mr. Chairman, I hold in my hand a telegram from Charles Schuman, president of the American Farm Bureau under date of March 19, 1958 and what did Charles—Mr. Benson's echo—have to say then? He said, "We of Farm Bureau oppose rigidly fixing price supports and acreage allotment." He said such "is against the long-time interest of farmers and should not be approved." Charles—Ezra's echo—was then opposing a 1-year freeze as was Ezra Benson. As always they are in the same corner and if one is occasionally inconsistent then so is the other.

On yesterday I received a telegram from that same Mr. Charlie Schuman, and what did he say yesterday? Oh, he like Ezra Benson has reversed himself from his position of last year of being against a freeze. Now he is for it not for 1 year but for 3—3 long years. Now he says "Farm Bureau recommends temporarily freezing price supports (on tobacco) for a period not to exceed 3 years." And so he urges us to vote for the Hoeven amendment; which will do what? Which will put the tobacco farmers' price support in a freeze for three times the length of that which

he opposed last year. And yet he, Mr. Charles Schuman, draws about \$25,000 a year for this inconsistent sort of leadership of Farm Bureau.

Let it be said that every tobacco farmer whom we have heard from wants this bill. Every warehouseman wants this bill. Every tobacco organization wants this bill. And every State farm bureau heard from (and most of them have testified) wants this bill, their national president, Mr. Charles Schuman to the contrary notwithstanding.

This, my friends, will give you some little idea of just how inconsistent the opposition has been in fighting this legislation.

Mr. HOEVEN. Mr. Chairman, will the gentleman yield?

Mr. ABERNETHY. I am happy to yield to my colleague.

Mr. HOEVEN. I would like to ask my colleague this question. The gentleman is talking about the freeze bill of last year.

Mr. ABERNETHY. Yes; and the gentleman opposed it; did he not?

Mr. HOEVEN. No; he did not.

Mr. ABERNETHY. Yes; the gentleman did. Does the gentleman say he did not?

Mr. HOEVEN. The gentleman's recollection is incorrect. The gentleman from Iowa voted for the freeze bill.

Mr. ABERNETHY. Oh, you did?

Mr. HOEVEN. Yes; and the gentleman from Mississippi [Mr. ABERNETHY] did the same.

Mr. ABERNETHY. I am glad to know the gentleman was for the freeze bill. But I do know the gentleman's administration and Mr. Benson opposed it, and you are taking that position now.

Mr. HOEVEN. The gentleman from Iowa is not the administration.

Mr. ABERNETHY. No; he is not, but he is its leader in the House of Representatives on matters pertaining to agriculture, and he is at this time endeavoring to lead in the direction which the administration desires to go.

Now, this is a simple matter. Everyone supports this bill who has an interest in raising and marketing tobacco. The only people who oppose it are Ezra Benson—and even he has said it is an improvement over present law—Mr. Charles Schuman, of the Farm Bureau, and most of the Republicans. It is a good bill. It will halt the advance in tobacco prices, and that is what the growers seek. It will improve their position in the markets.

I trust you will vote down the amendment of the gentleman from Iowa and stand by the committee.

(Mr. ABERNETHY asked and was given permission to revise and extend his remarks.)

Mr. CHELF. Mr. Chairman, I move to strike out the last word and rise in opposition to the amendment.

Mr. Chairman, I did not plan to make a speech today and I am not going to make a long one. But, I would like to say this to you quite frankly. Everybody within the sound of my voice knows that we have a terrific surplus of most of our farm commodities. We do not want that to happen to tobacco. You know, the situation with reference to

our farm program today reminds me of the story we tell down in Kentucky about the two sweet little old ladies who were driving along the road in their little Model T Ford. Suddenly, without warning, an old Model A Ford went by them at a tremendous speed. It ran up on the side of the road, and about a quarter of a mile ahead, it went out of control—hit a tree and then bounced—careened—hit an embankment and then smacked against a bridge and rolled over and over and over about 10 times down into the bottom of a dry creek bed, and then the thing burst into flames. Well, the two sweet little old ladies stepped on the gas in their Model T and as fast as they could drove to the bridge, jumped out and ran down and dragged the poor old fellow out just as it caught on fire. Then one of them said, "Oh, bless you, oh bless your sweet cotton-picking heart, you are safe—the good Lord was sure riding with you." And the old farmer who was groggy and in shock, but still chewing on his cud of tobacco, first switched it over to the right side of his mouth and then he switched it over to the left side—spat out about a cup of "ambeer" and said, "Well, if he was, he just had one hell of a rough ride; didn't he?" We do not want that to happen to our tobacco program here today. We do not want any rough rides—we have had enough. About 5 years ago those of us who represent tobacco farmers in Congress came in and it was the first time, I think, the representatives of any commodity had come in and asked to cut our own allotment and our acreage. We sought to cut it because we knew that if we did not cut it—mind you now—we did not want to cut it but we had to be realistic. Our tobacco farmers, large and small did not—the warehousemen did not; nobody really desired a cut in our tobacco acreage allotment, but we had a very practical situation confronting the growers, and the entire industry and therefore, in an honest effort to preserve and to protect our foreign markets and our overproduction—we got together—all of us in the business, and agreed that a cut while most distasteful—was far better than ruining our fine tobacco program that we had worked to hard over the years to establish. Yes, it was truly like taking a big dose of ill-smelling, bad-tasting medicine—but we knew that it would help the illness of the patient.

So today I say to you quite frankly, that I am against this amendment because it would freeze the prices over a period of 3 years, and at the end of that 3 years, Mr. Chairman, the prices would go sky high and then our market and our tobacco program would fall like mother's bread when the oven door slammed shut. It is just as simple as that. Mr. Chairman, it took raw courage and if I do say so—it took vision—foresight and unselfishness on the part of our farmers, especially our little tobacco growers, to take this action.

Mr. JENNINGS. Mr. Chairman, will the gentleman yield?

Mr. CHELF. I yield.

Mr. JENNINGS. In reference to the amendment offered by the gentleman from Iowa, I would like to ask the gen-



tleman if he does not agree with the statement in our committee by a spokesman for the industry who was present pertaining to this very subject of the freeze. The distinguished chairman of our committee asked this question, and the record is as follows:

Mr. COOLEY. It has been suggested that instead of passing the Jennings bill, we consider legislation, the effect of which would be to freeze the price support level in 1959 at the 1958 level. Do you think legislation along this line would be worthwhile?

Mr. LANIER. I think it would be the worst thing that could be done, because that would give instability and just make confusion from year to year. I think you have got to face it Mr. COOLEY, to either do something that will be worthwhile, or not do it. But 1 year would not help in my judgment.

Mr. COOLEY. Mr. Chairman, with your permission, I should like to ask Mr. Royster the same question.

Mr. ROYSTER. Yes!

Mr. COOLEY. I ask you the same question: Do you think passage of that type legislation, freezing the support levels of 1959 at the 1958 level, would be worth our efforts?

Mr. ROYSTER. I have just heard the statement of Mr. Lanier. I concur in the statement wholeheartedly.

Mr. Chairman, I do not think that any period of time would be advisable. We have never operated on that kind of program, and I think it would be very unwise to attempt to do so now.

As Mr. Lanier has ably said, what we need is stability over an indefinite period of time.

I might point out in substantiation of that statement, Mr. Chairman, the manufacturers—foreign manufacturers—buy for usage 2 and 3 years hence. Therefore, a freeze even of 2 or 3 years would not even get them up to the beginning point of the purchases from now on.

So actually, in effect, if we should adopt this amendment, we would be nullifying the effects of this bill so far as our foreign purchasers are concerned.

Mr. CHELF. I agree with the gentleman wholeheartedly.

Mr. Chairman, in conclusion let me say this. I hate to impose on you, my friends, but this is the first speech I have made this year and if this subject was not so very near and dear to my people, especially my little farmers—whose only "cash crop" and their livelihood is at stake—I would not be here in the well of the House bothering you. Let us take into consideration one thing. Here is a commodity that I think is entitled to a fair break; to your fair consideration and to your sympathy and understanding, gentlemen of the House. When you consider that this is a commodity that pours annually into the Federal Treasury \$1,734 million in taxes and from the great State of Kentucky last year alone, the Federal Treasury got \$353,321,000; that is not hay nor peanuts. It is a sizable sum. This is a report from the Commissioner of Internal Revenue—they are not my figures. So I say to you quite frankly, I feel we are entitled to some extra bit of consideration at your hands. We have carefully policed and guarded our program. Those who overproduce in violation—pay a penalty—this all goes into the Treasury. Therefore—this does not cost the taxpayers one dime. I said it yesterday and I repeat it today, our program has stood on its own bottom. It will not cost you a dime insofar as the

administration of it is concerned. Oh, yes, certainly, we will have to pay something out according to law for soil bank signers—but I am talking about the program as a whole. We are proud of it—we have worked hard to build it. Sure it has taken sacrifices on the part of our little tobacco farmers but God bless them, their vision and cooperation has produced for them in the final analysis—less toil, a better market and a smile on their faces when they haul their crop to market.

Defeat this amendment and then vote for our bill. My people will be grateful and so will your colleague from Kentucky's Fourth District.

Mr. VANIK. Mr. Chairman, I rise in opposition to the pro forma amendment.

Mr. Chairman, on this entire issue of any supports for the tobacco crop, I am a conscientious objector. It seems to me that Federal support of a farm program should be limited solely to a food support program excluding frill crops, such as tobacco.

The accumulation of medical evidence associating the rising incidence of lung cancer among heavy cigarette smokers is a crushing indictment. Public health may someday drastically control or even prohibit the production of a tobacco crop.

Although the present tobacco surplus is perhaps economically tolerable, the prospects are exceedingly great that the surplus will soon overtake present ratios. With multiplied cigarette consumption, the cigarette-producing industry is using less and less tobacco and more and more paper. They soon will be producing an all-filter, no-tobacco cigarette.

There is no dispute as to the cost to the Government of the tobacco support program. Whatever the cost, we should not continue to spend Federal funds in any degree to expand the production of a crop not essential to human welfare. We should instead direct these expenditures toward further cancer research to assess tobacco damage.

Mr. JENNINGS. Mr. Chairman, will the gentleman yield?

Mr. VANIK. I yield.

Mr. JENNINGS. As I understand him, the gentleman admits that this particular disease is very controversial; the facts have not been established from what source it comes, and it could well come from other sources and in all probability does. Inasmuch as the source has not been established, does the gentleman agree that perhaps this issue should not be injected into this debate today?

Mr. VANIK. I want to say in reply to the gentleman that on the contrary, as far as I personally am concerned, I am already sufficiently alerted, and I think most of my constituents are well alerted as to the dangers and hazards to the human body from excessive indulgence in cigarette smoking. As a matter of fact in my community we have made extensive studies of industrial air pollution, and our researchers have concluded that cigarette smoke contributes more to harm the tissues of the human body than all other forms of industrial pollution that is put into the air.

Mr. LANKFORD. Mr. Chairman, will the gentleman yield?

Mr. VANIK. I am pleased to yield to my distinguished colleague from Maryland.

Mr. LANKFORD. I want to call the gentleman's attention to an article which I inserted in the RECORD a few days ago on the subject of lung cancer and the results of the research conducted at the University of Maryland situated in Baltimore, saying that as far as that particular specialist was concerned, and he is recognized throughout the Nation, there is no connection between smoking and lung cancer.

Mr. VANIK. For every authority the gentleman can produce who holds that opinion I think I can produce three or four who hold the opposite opinion.

The American Medical Association is meeting in Atlantic City this week, and before its sessions are concluded I expect that they will have something to say on the subject of tobacco smoking and its effects on the human body, and it is not going to be favorable from what I have heard.

Mr. JENNINGS. Mr. Chairman, will the gentleman yield further?

Mr. VANIK. I yield.

Mr. JENNINGS. Does the gentleman himself smoke?

Mr. VANIK. The gentleman from Ohio does not smoke at the present time.

Mr. JENNINGS. Let me ask the gentleman if he realizes that the tobacco industry itself is actually expending millions of dollars to determine whether or not the gentleman's assertions or his beliefs are correct? And does the gentleman not agree also that the tobacco program has not cost the Government any appreciable amount of money? The support program actually has shown a profit. In addition to that, \$2.5 billion each year is paid in taxes to the Federal, State, and local governments.

Mr. VANIK. Let me say in reply to the gentleman from Virginia that the money going into the Federal Treasury by way of taxes on tobacco does not make it any more healthful as far as the human body is concerned. As a matter of fact what about the billions of dollars that are spent every year for narcotics and other habit-forming drugs that produce no good when we compare it to the damage done to the American people through their use?

I do not think we are in a proper position to assume any advantages of this taxation program.

The CHAIRMAN. The time of the gentleman from Ohio has expired.

Mr. MATTHEWS. Mr. Chairman, I move to strike out the last word, and I yield to the gentleman from Ohio to ask him a question, also to express my regret if any action of mine may provoke or aggravate him in any way.

Mr. VANIK. I thank the gentleman from Florida, and appreciate his respect for the rules of the House.

Mr. MATTHEWS. I want to say that yesterday I listened with a great deal of interest to the statement by the distinguished gentlewoman from New York [Mrs. ST. GEORGE], whom I admire very highly. She spoke about marijuana.



I hope she is not comparing cigar smoking to marijuana smoking. I know this is a problem and I am not saying this facetiously.

But getting back to the subject matter, specifically this is the question: Granting everything the gentleman has said, in all sincerity and good faith, and I want to emphasize that I am not being facetious—if this bill were passed, would it have anything in the world to do with how many cigarettes people will smoke or how many cigars people will smoke? Is not the gentleman's wonderful argument here a little bit extraneous to the bill we are discussing?

Mr. VANIK. I do not think so. We are dealing with a Federal support program. Perhaps this is something that ought to be handled by the individual States. In a short time we will have to vote on H.R. 3, which seeks to take away from the Federal Government the right of preemption. Perhaps the right to control and regulate tobacco production ought to be reserved to the individual States.

Mr. MATTHEWS. I just wanted to ask a question.

I now yield to the gentleman from Kentucky, Mr. CHELF.

Mr. CHELF. It has been alleged here that there are those doctors, and I know they are conscientious and sincere, who say that tobacco is a definite threat so far as cancer is concerned. There are those others who say it is not. Until such time as it has been decided and the doctors can get together, should we not reserve our decision here today?

Mr. MATTHEWS. The gentleman has made a very fine point.

Mr. CHELF. Are we going to pre-judge a case before we hear the case?

Mr. MATTHEWS. I yield to the distinguished gentlewoman from New York, Mrs. St. George.

Mrs. ST. GEORGE. Mr. Chairman, I am not one of those who believe that you can legislate morality. The question has been brought up here whether one smokes or whether one does not smoke. My weakness in this argument is that I do not smoke. In a way, I wish I did, because the whole argument is, should the tobacco crop be considered a basic crop or not? In my opinion, as long as there is a thought in very high medical circles as to its usefulness, it should not be considered a basic crop.

Mr. MATTHEWS. You know, there are certain sections of the country where certain people say if you breathe the atmosphere it will give you lung cancer. I do not say that; no, I would not dare say that because I cannot prove it. You know, actually it would be just as ridiculous to pass a bill prohibiting visits to certain areas of this country because of a cancerous irritation that might result from breathing the air, as it would be to try to pass legislation to keep people from smoking. I am not suggesting legislation to restrict free travel in this country or to impose by law a code of morality. I am saying in all seriousness that this is a very serious problem. My position is that if you defeat this bill, if you defeated every tobacco bill, if you took away from the farmers the

rights they have to make a living, you may have more tobacco smoking, but the people who grow it will get less money for their tobacco. The people who manufacture and sell it would get more, and you would have as many cigarettes and cigars as you have today, with less money going to the little farmers who produce the tobacco.

Mr. CHELF. I, too, have quit smoking also, but the reason was because I had surgery back in 1954 and the doctor said: You have an ulcer. If you want to gain a little weight from 118 to 155, you had better quit smoking. So I quit then. That ulcer I had I had to carry around in my hand, I was so thin.

Mr. COOLEY. Mr. Chairman, I ask unanimous consent that debate on the pending amendments close in 10 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from North Carolina?

Mr. KING of Utah. Mr. Chairman, I object.

Mr. COOLEY. Mr. Chairman, I ask unanimous consent that all debate on the pending amendments close in 15 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from North Carolina?

Mr. KING of Utah. Mr. Chairman, I object.

Mr. COOLEY. Mr. Chairman, I ask unanimous consent that all debate on the pending amendments close in 25 minutes, the last 5 minutes to be reserved for the committee.

The CHAIRMAN. Is there objection to the request of the gentleman from North Carolina?

Mr. MICHEL. Mr. Chairman, this is not on all amendments, is it?

Mr. COOLEY. On the pending amendments and all amendments thereto.

The CHAIRMAN. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

The CHAIRMAN. The Chair recognizes the gentleman from Utah [Mr. KING].

Mr. KING of Utah. Mr. Chairman, I rise to associate myself with the remarks of my distinguished colleague the gentleman from Ohio [Mr. VANICK]. I know that a serious conversation or discussion on the uses of tobacco usually degenerates into a facetious exchange of quips, but I remind my colleagues that next year there will be 35,000 Americans die of lung cancer, and this rate is on the rise every year. Much of this cancer will be induced by the use of tobacco. I would remind you that this is not a facetious matter.

I should like to state my position, that I am unequivocally opposed to Government price supports on tobacco, in any form.

Three months ago I introduced a bill designed to promote the education of American children on the harmful effects of smoking.

That bill has brought me mail from every section of this great land. In fact, I have received more personal mail about this bill than I have about any other leg-

islative measure before this Congress. The authors of such mail invariably ask: "What can we do to help put such a program over? We want our children to have the facts about tobacco and lung cancer."

This mail persuades me that the 86th Congress has the responsibility to re-examine the whole question of price supports for tobacco. I believe the mounting evidence which links lung cancer with cigarette smoking demands that we reexamine it.

I remind my colleagues that just last week the American Cancer Society launched a new offensive to alert the American people about the health risks they run in using tobacco. The powerful tobacco interests argue, of course, that the society's campaigns against smoking have been inspired by prejudice and bias. But the simple truth is that the campaign has been inspired by sober research. The society would fail its purpose and ignore its responsibility if it failed to act upon the evidence which its extensive research has produced. And I think we fail our responsibility if we fail to carefully weigh the same evidence.

Lung cancer is expected to claim 35,000 lives in this country this year. This closely approaches the annual highway death toll. The time to act is now. The American people want action, and they have every reason to expect it.

I think we insult our sense of reason when we persist in classifying tobacco as one of the basics of American agriculture. The products of tobacco are frills—and potentially dangerous frills at that. Certainly tobacco is not a basic in the traditional sense; it hardly deserves a place beside food and fiber commodities which sustain the life and health of this Nation.

In the opinion of the Honorable RICHARD L. NEUBERGER of Oregon, our subsidies on tobacco sorely damage American prestige abroad. I share that opinion.

How can we make our global companions see the reason in our appropriating large sums for research to seek causes and cures for cancer and, at the same time, pouring even larger sums into the production of a commodity which clearly contributes to the alarming rise in cancer deaths? We can never make them see the reason in it, for there is none.

How can we claim for ourselves the moral leadership of the world when our domestic affairs show such a glaring example of moral irresponsibility?

Imagine, as Senator NEUBERGER has said, the storm of abuse we would heap upon Communist China, if that country began to subsidize the production of opium. The world would ring with our howls of righteous indignation. Still we subsidize the production of a narcotic when we approve price supports for tobacco. Nicotine is, in fact, more than a narcotic—it is a deadly poison.

I am deeply pleased that many young Americans are showing the intellectual and spiritual strength to resist the persuasive appeals of the television and radio hucksters who irresponsibly link smoking with personal success and dis-



tion. These young Americans recognize the menace in cigarettes.

In Utah and the Intermountain West, youngsters commonly speak of cigarettes as "cancer sticks," and here in the Washington area, I have heard teenagers call them "coffin nails."

I am also very grateful that many of my colleagues share my concern about this menace. I commend Senator NEUBERGER for his unrelenting effort to bring enactment in the other body of legislation to educate American children on the harmful effects of smoking. I also commend the gentlewoman from New York, the Honorable KATHARINE ST. GEORGE, for the very appropriate remarks she made to this body yesterday.

I also commend the American Cancer Society for its new offensive, and under unanimous consent to revise and extend my remarks at this point in the RECORD, I quote that part of an Associated Press dispatch from Boston which shows the objectives of the society's campaign. The article, in part, follows:

Boston, June 5.—The American Cancer Society today launched an intensified drive to alert physicians and the public to the dangers of cigarette smoking.

The society's directors, meeting in Boston, adopted resolutions yesterday to instruct the group's staff to:

1. Intensify its efforts to bring the facts about cancer and tobacco to physicians.
2. Study deficiencies in laws to protect the public from the hazards of cigarettes and to recommend appropriate legislation.
3. Intensify efforts to make available through all channels facts about cancer related to the use of tobacco, with particular emphasis on teenagers.

The board also approved pilot showings of a 17-minute film in selective communities to test the effectiveness of using a movie in presenting the dangers of tobacco.

Dean Davies of New York, administrator for research on lung cancer for the American Cancer Society, and Dr. Howard C. Taylor, a director at large, said more than a score of studies in different parts of the world all showed lung cancer patients to be predominantly cigarette smokers.

The society's directors also considered a plan at their meeting to find out through studies why people smoke—or don't smoke.

Mr. Chairman, this issue cannot be avoided. The day will surely come when an aroused Nation will realize that a tobacco support program has no place in our agricultural program. When that day comes, the record will show the position which I now take.

The CHAIRMAN. The Chair recognizes the gentleman from Iowa [Mr. GROSS].

(Mr. GROSS asked and was given permission to revise and extend his remarks.)

Mr. GROSS. Mr. Chairman, I was much interested in the remarks of the gentleman from Ohio [Mr. VANIK] and the gentleman from Utah [Mr. KING], who just addressed the House on the subject of the effects of tobacco. Next week the annual multibillion-dollar foreign giveaway will be before the House of Representatives, and, as I understand it, money is made available from funds under that bill, the Development Loan Fund, and the countless technical assistance programs in the United Nations and elsewhere for the development of tobacco

production in the so-called underdeveloped countries of the world. I am sure that the gentleman from Ohio or the gentleman from Utah, or both, will be Johnny-on-the-spot with amendments when the foreign handout bill comes up next week to prohibit the use of any of those funds to provide for the production of tobacco in the underdeveloped countries. Surely, you gentlemen are not going to let American tax dollars be used to subsidize the production of tobacco in foreign countries to contaminate underdeveloped people all over the underdeveloped world.

The CHAIRMAN. The Chair recognizes the gentleman from New York [Mr. STRATTON].

(Mr. STRATTON asked and was given permission to proceed out of order.)

SOVIET RUSSIA DOES POSSESS ICE-FREE, OPEN SEA SUBMARINE BASES

Mr. STRATTON. Mr. Chairman, last Friday the gentleman from Missouri [Mr. CURTIS], offered a case of whisky to any naval personnel who can sight a single ice-free open sea base the Soviets possess from which to operate submarines. As a member of the Naval Reserve, I am going to win that case of whisky this afternoon by pointing out to the gentleman not one but two ice-free bases on the open sea from which the Soviets can operate their vast submarine fleet, and I would be very much surprised if they are not operating submarines from those bases today. One of them is Murmansk in the north, and the other is Petropavlovsk on the Pacific.

Let me say that I have consulted on this point not only with the chart but with some officials in the Navy Department. Both of these ports are on the open sea. Both of them are ice-free. Therefore, Mr. Chairman, I submit that the gentleman has lost his wager.

However, I do not want to collect a case of whisky for myself. Instead, I suggest that the gentleman from Missouri turn his case of whisky over to the American Red Cross to be used for medicinal purposes.

As far as the Soviet Navy is concerned, I hope that we will not again encounter any attempts in this House to minimize the very serious threat which this country faces from a vast and highly trained Soviet submarine fleet operating from these and other bases.

May I add, Mr. Chairman, that I advised the gentleman from Missouri this morning that I intended to respond to his challenge on the floor this afternoon. Unfortunately the gentleman informed me he would be detained by necessary committee business.

The CHAIRMAN. The Chair recognizes the gentleman from West Virginia [Mr. BAILEY].

Mr. BAILEY. Mr. Chairman, I was intensely interested in the extent to which the debate has gone for the past few minutes on the relative question of whether tobacco smoke is injurious. On Saturday of this week I expect to attend at the city of Richwood, W. Va., an annual affair known as the over eighty party, one at which the good citizens of Richwood and their friends entertain everybody in the Richwood community

and of two or three counties surrounding that city who are over 80 years of age.

Three years ago, in attending this party, I met a lady whose last name was Givens. She was 102 years of age and she insisted on having a picture taken with her Congressman. She was smoking a clay pipe and she advised me she had been smoking one since she was 12 years of age.

The CHAIRMAN. The Chair recognizes the gentleman from North Carolina [Mr. FOUNTAIN].

Mr. FOUNTAIN. Mr. Chairman, it is my earnest hope that this House will pass S. 1901 by an overwhelming majority. This legislation is urgently needed.

In the first place, this year's tobacco crop has been planted. Tobacco farmers are entitled to know what the level of price supports will be on their 1959 crop. The purpose of this bill is clear and simple. It would prevent for an indefinite period, certainly for the next 3 years, further increases in the prices of tobacco, increases which will occur under the existing law unless this bill is passed. It is designed to limit the automatic and artificial yearly advance in the level of support prices for tobacco. If there are those in the House who oppose the tobacco program itself, or oppose 90 percent price supports which Flue-cured and burley tobacco have successfully enjoyed for years, without cost to the Government, such opposition, in my opinion, is not relevant to the legislation at hand.

The purpose of this legislation, therefore, is to protect the most effective farm program in the United States for tobacco farmers, for the tobacco industry, and what is important to all of us—the protection of the Government itself and the taxpayers with respect to program costs and the revenue produced by tobacco. As has already been pointed out, the bill provides that the 1958 level of price support in dollars and cents shall remain in effect and shall not be increased until such time as the level of price supports determined by the old parity formula catches up with the 1958 level of price supports. After that time, the level of supports would be based on the lower of the two computations—old or modernized parity.

It has been estimated that it would be from 3 to 5 years before old parity supports would equal the 1958 level. Support levels would thus remain stabilized at the 1958 level for at least that period. In fact, they would remain stabilized after that time if the cost of things which the farmers must buy does not continue to advance. It has also been estimated that the index of prices paid by farmers would have to increase about 16 percent for burley and 11 percent for Flue-cured tobacco before the old parity provision would go into effect and the freeze removed. As has already been so well explained, burley and flue-cured are our major export tobacco. This legislation will contribute substantially toward a stabilization of prices for tobacco and the maintenance and improvement of our export market.

The modernized parity formula was written into the law to prevent sub-



stantial drops in farm prices which occurred following World War I. At that time, the Congress was interested in protecting tobacco farmers in the future. However, every eventuality could not be foreseen and it is a fact that the modernized formula with respect to tobacco has placed tobacco in a precarious situation competitively with the growing volume of foreign produced tobacco. If this bill is not passed, the present law could seriously impair the market and sales for tobacco in this country. If this occurs, the result would be an increase in Government investment in crop support loans and a further reduction in tobacco acreage. Those of us from the tobacco-growing States know that the tobacco growers should not have to stand further cuts in their acreage allotments.

This bill, S. 1901, represents the initiative, the thinking and the voluntary sacrificial action of tobacco growers and the entire tobacco industry to avoid such consequences. It represents a voluntary effort on the part of tobacco growers and their organizations to improve and save the tobacco program and to place a check upon anticipated rising support prices which would not bear relation to the cost of things the farmers must buy.

I cannot understand the position of apparently a majority of the directors of the National Farm Bureau. I say a majority of the directors for, after all, the American Farm Bureau is nothing more than the official name for all of the State farm bureaus put together. In this instance, all of the tobacco-growing States support this legislation because they think it is best for them and they do not want their program to cost the Government any money.

I say I cannot understand the position of apparently a majority of the American Farm Bureau directors since they have advocated and supported legislation representing the judgment and the decisions of growers of other agricultural commodities such as corn, cotton, and wool with respect to the type of program which is best for them.

Much has been said recently in opposition to the parity concept. I should like to emphasize the reason which makes the parity concept so applicable to tobacco. It still takes approximately the same amount of hand labor to produce tobacco that it did 25 years ago. This is not true with other commodities such as grains where many times as much effort can be exerted with the same amount of labor.

In further support of the parity concept for tobacco, let me also point out that tobacco has no open market such as other agricultural commodities enjoy. The uses of tobacco are limited. It must necessarily be sold to probably 10 or 12 major tobacco companies and a mere handful of foreign buyers. If they do not buy, the tobacco farmer has no market for his crop.

If those of you who are not familiar with the tobacco auction system would visit one of our tobacco warehouses and observe sales in process, you would very quickly discover that the price paid by

tobacco buyers is largely determined by the support price. This support price provides a floor which effectively protects the price of all cigarette leaf tobacco sold. The price paid the farmer for his tobacco is a very small portion of the price we pay for the cigarettes and other processed tobacco we buy. Also, the retail price paid for tobacco products bears little if any relationship to the support price for tobacco.

In the case of tobacco, Federal, State and local taxes amount to almost three times as much as farmers receive for their part of the crop consumed in the United States. I believe the gentleman from North Carolina [Mr. COOLEY], chairman of the House Agriculture Committee, gave figures yesterday indicating that Federal, State and local taxes collected on tobacco products amount to \$2½ billion a year while the farmer receives for the tobacco in a package of cigarettes slightly more than 1 cent.

Let me mention another argument in support of this legislation and our basic tobacco program. The present program with price supports at 90 percent of parity and strict production controls has worked as shown by the fact that nearly 100 percent of the tobacco farmers of this country approve it and have kept it sound and self-supporting. In the case of nearly every price support crop except tobacco, surpluses seem to build up despite our best efforts to control and dispose of surplus production.

In his agricultural message to Congress on January 11, 1954, the President said:

Each farm crop has its own problems and these problems require specific treatment.

In regard to tobacco, the President said:

Tobacco farmers have demonstrated their ability to hold production in line with demand at the supported price without loss to the Government. The relatively small acreage of tobacco and the limited areas to which it is adapted have made production control easier than for other crops. The level of support to cooperators is 90 percent of the parity price in any year in which marketing quotas are in effect. It is recommended that the tobacco program be continued in its present form.

Nothing has happened since that message in 1954 to change the strength and truth of that declaration. What the tobacco farmers, their organizations, warehousemen, exporters, and other interested are asking us to do is to take action which will have the twofold effect of providing a stable source of tobacco without reduction in fair prices for farmers, and to encourage both foreign and domestic buyers of tobacco to continue and even increase their purchases, thus bringing about a greater assurance of stabilized and competitive prices in future years.

A vote against this bill is not a vote against 90 percent price supports or the parity concept, but is a vote for supports at a higher level than the tobacco farmers themselves believe to be either in their best interest or in the best interest of the taxpayers.

I ran across a speech recently made by a former distinguished Member of this House, a former chairman of the House Committee on Agriculture and the ranking minority member of that great committee at the time he retired from this body. No Member of this House was held in higher esteem and no one had a better knowledge of the problems of agriculture than the Honorable Clifford R. Hope, of the State of Kansas. I would urge every Member of this House, especially those on my left, to read his address made before the National Grange at Spokane, Wash., and recorded on page A67 of the Appendix in the January 10, 1955, edition of the CONGRESSIONAL RECORD. I never read a better presentation of the problems of agriculture and the steps which must be taken from time to time to help improve that segment of our American economy.

As a source of light upon this legislation, I should like to quote a portion of what he said to the National Grange:

I do not want at this time to get into the controversy over price-support programs except to say that experience has demonstrated as we have gone along that the Grange position is right, and that our greatest mistake as far as farm programs is concerned, is to attempt to apply one magic formula, one cure-all, that will answer the problems of all agricultural products.

Furthermore, I think we have to recognize that there are some commodities which do not adapt themselves to direct price-support programs.

That great man in agriculture, Albert Goss, warned us years ago that there is no such cure-all and that there are almost as many problems as there are commodities.

I remember he used to tell our committee that just as we can't cure appendicitis with castor oil or smallpox with surgery, we must have a bag full of remedies as a country doctor carries a bag full of different pills, so to speak.

Our experience has demonstrated the value of attempting to tailor a program to meet the needs of a particular commodity.

Take the one case of sugar, with which many of you are familiar. The sugar program stands by itself. It was worked out to meet the needs of that particular commodity, and it has worked more successfully, perhaps, than any other program.

The same can be said of the tobacco program. Ninety-percent price supports with strict controls have worked so well on that commodity that practically everyone has agreed—no matter what his views might be as to other commodities—that such a program should be continued for tobacco.

In the last Congress, recognizing the fact that wool has peculiar problems of its own, we set up a wool program to meet the needs of that commodity.

All of this is in accord with the views expressed by President Eisenhower in his message to Congress on January 11, 1954, entitled "Recommendations Affecting the Nation's Agriculture."

In that message he said, and I quote: "No single program can apply uniformly to the whole farm industry. Some farm products are perishable, some are not; some farms consume the products of other farms; some foods and fibers we export, some we import. A comprehensive farm program must be adaptable to these and other differences, and yet not penalize one group of farmers in order to benefit another."

These remarks from a distinguished former Member of this body, referred to as "Mr. Agriculture," are in keeping with



the steps which we are urging this House to take today.

I sincerely hope that this House will pass this legislation, without amendments, in the interest of tobacco growers, the entire tobacco industry, the tobacco market—domestic and export—and in the interest of the American taxpayer.

The CHAIRMAN. The Chair recognizes the gentleman from North Carolina, the chairman of the committee [Mr. COOLEY] to close debate on the pending amendments.

Mr. COOLEY. Mr. Chairman, I shall not consume the 5 minutes, but I do want to say to the Members of the House that this is a very important amendment. If we were here asking for an increase in price supports or for legislation which might become financially burdensome on the Government, then I could readily understand that we might meet with opposition. But here are the farmers in all the tobacco growing areas who have come together and agreed upon this measure which will prevent an increase in price supports and will prevent an increase in the financial burdens being borne by the Government. The question here is not as to whether we approve of the tobacco program or not. Those who classify tobacco with marijuana and other evil commodities are entitled to their own views. These gentlemen who have spoken with great sincerity about the harmful effects of smoking are entitled to their own views. But if this bill should be voted down, we still have a tobacco program and the operation of that program would continue and prices will spiral upward. By this bill we are doing exactly what Mr. Eisenhower said should be done, and that is we should take steps to prevent the continuous spiraling upward of tobacco price supports.

Mr. Chairman, I ask for the passage of the bill as it has been reported from the committee. I do not question the sincerity of my colleague who has offered this amendment, but I point out to you that this amendment was considered in our committee and not a single witness from any part of the tobacco-growing area of America came to testify in support of the amendment. The amendment proposes to freeze prices. We do not propose to freeze prices. We only propose to operate at the lowest possible level permitted by either the new formula or the old formula on which parity prices are calculated.

Mr. Chairman, I urge the defeat of this amendment and urge the passage of the bill, as reported by the committee.

The CHAIRMAN. The question is on the amendments offered by the gentleman from Iowa [Mr. HOEVEN].

The question was taken; and on a division (demanded by Mr. HOEVEN) there were—ayes 65, noes 128.

So the amendments were rejected.

Mr. PELLY. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. PELLY: Page 3, immediately following line 6, insert the following:

"SEC. 3. No financial benefit or assistance shall accrue or be paid, directly or indirectly, by reason of the amendments made by this

Act, to any Member of Congress, any officer or employee of the legislative branch of the Government, or any officer or employee of the Department of Agriculture."

Mr. PELLY. Mr. Chairman, my amendment to S. 1901—the tobacco price support bill—is to prohibit employees of the Department of Agriculture or of the legislative branch of Government, including Members of Congress, from benefiting under this legislation which they have originated and will administer.

Here we come face to face with the subject of conflict of interests and ethics. My amendment is based on the same principle as rule VIII of the House Rules which calls for abstention in voting on measures in which a Member has a direct pecuniary interest.

According to the Washington News, issue of May 28, 1959, a Scripps-Howard newspaper survey showed 35 Members of Congress have shared in farm subsidies. I do not know if any of these were under the tobacco price support program. If so, of course, Members would be exercising the same privilege as any other citizen and as such it would be quite proper.

However, in the field of ethics one is expected not only to act within the law but also to avoid any possible basis of criticism. Like Charles Wilson who had to sell his General Motors stock and lost millions, public service calls for sacrifice.

I would have hoped Congress would have tightened up on such matters. We should have established general codes of ethics for ourselves and our employees. But until overall standards are set we can do the job piecemeal and this is one such piece.

I urge the adoption.

Mr. BAKER. Mr. Chairman, will the gentleman yield?

Mr. PELLY. I yield.

Mr. BAKER. I would like to ask the gentleman how he breaks down the classes of people included; would it go down to the county level, to people who work as stenographers in the farm program?

Mr. PELLY. I think the amendment is quite clear.

Mr. BAKER. Perhaps I did not hear it read correctly.

Mr. PELLY. It refers to Members of Congress and employees of the legislative branch and of the Department of Agriculture.

Mr. BAKER. Does it mean all employees of the Department of Agriculture?

Mr. PELLY. All Federal employees.

Mr. WATTS. Mr. Chairman, will the gentleman yield?

Mr. PELLY. I yield.

Mr. WATTS. In the tobacco trade our farm programs are all run by the A.S.C. committees that are elected by the farmers of the various communities, people who themselves are in fact growers. I do not know whether such people would come directly and automatically under the gentleman's amendment or not.

Mr. PELLY. I am sure I would be glad to have the amendment clarified in any way that would meet a particular situation.

Mr. WATTS. Does not the gentleman really think that before offering such a

far-reaching amendment it should be studied and its effects assessed? In every county there would be from 8 to 10 committee members in every segment of basic crops, cotton, corn, wheat, rice, and tobacco. Does it mean that such people would have to give up their farming operations to serve on these committees? It seems to me the gentleman's amendment is so broad that we would have nobody but city folks trying to run programs they knew absolutely nothing about.

In the case of tobacco, the tobacco the tenant farmer raises goes in the same farm basket with other tobaccos. How is the Government going to assess the support price on one part of a basket of tobacco and not on the other?

Mr. PELLY. If the gentleman wants to strike out everything from my amendment except Members of Congress, I would still support it.

Mr. WATTS. I think the amendment has not been adequately considered.

Mr. COOLEY. Mr. Chairman, I shall not discuss the amendment. The amendment speaks for itself, and I am certain Members of the House understand it. I ask for a vote.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Washington [Mr. PELLY].

The amendment was rejected.

Mr. MICHEL. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. MICHEL: Page 2, line 22, after the word "used", strike out the period and insert a colon and the following: "Provided further, That no part of this authorization shall be used to formulate or carry out a price support program for 1960 under which a total amount of price support in excess of \$50,000 would be extended through loans or purchases made or made available by Commodity Credit Corporation to any person on the 1960 production of tobacco. For the purposes of this proviso, the term 'person' shall mean an individual, partnership, firm, joint-stock company, corporation, association, trust, estate, or other legal entity, or a State, political subdivision of a State, or any agency thereof. In the case of any loan to, or purchase from, a cooperative marketing organization, such limitation shall not apply to the amount of price support received by the cooperative marketing organization, but the amount of price support made available to person through such cooperative marketing organization shall be included in determining the amount of price support received by such person for purposes of such limitation. Such limitation shall not apply to price support on tobacco extended by purchase of tobacco from, or by loans on tobacco to, persons other than the producers of tobacco if the Secretary of Agriculture determines that it is impracticable to apply such limitation. The Secretary of Agriculture shall issue regulations prescribing such rules as he determines necessary to prevent the evasion of such limitation."

Mr. COOLEY. Mr. Chairman, I reserve a point of order simply to ask a question of the author of the amendment. I want to thank the gentleman for giving me a copy of the amendment in advance. The amendment is applicable to only one commodity, and that is tobacco?

Mr. MICHEL. That is right. The reason for that is this: I noticed in reading the Senate bill it refers to section



101(c). Had it been 101, then we would have been able to make it applicable to all commodities. Since this particular bill deals only with tobacco, I would be out of order in offering such an amendment and it would not be germane.

Mr. COOLEY. I wanted to clear up that one matter. So far as I am concerned, I do not know anybody who has obtained a loan on tobacco in excess of \$50,000. In all the history of the program I understand there have been only four loans which exceeded \$50,000. With that statement I do not insist on the point of order and I will not speak in opposition to the amendment.

Mr. MICHEL. I thank the gentleman, and I would not take the time of the House except for the benefit of those Members who were not here yesterday when the chairman of the Committee on Agriculture engaged in a short colloquy with me, in which we explored the possibility of offering the pending amendment to this legislative bill. It will be recalled that about a week ago when the agricultural appropriation bill came up on the floor of the House we wrote into that appropriation bill a limitation of \$50,000 for any CCC loan, and it carried. However, the language of that amendment was not refined to the point where it would take care of the people we are talking about here today, the producers of tobacco who market their crop through co-ops. So in the other body the language was clarified to some extent, and I am quite certain when the bill is in conference between the House and Senate—and I refer to the appropriation bill—the language will be even further refined. It seems this kind of legislation does not belong on an appropriation bill, but is a legislative proposal. So I offer the amendment here to get the concurrence of the House in the orderly legislative fashion.

Mr. GATHINGS. Mr. Chairman, will the gentleman yield?

Mr. MICHEL. I yield to the gentleman from Arkansas.

Mr. GATHINGS. I call attention to the colloquy that took place yesterday. The gentleman is reasonable and a highly regarded Member. He stated at that time that he thought it ought to be a matter for the legislative committee to work out these matters.

Mr. MICHEL. Yes; that is right.

Mr. GATHINGS. As a matter of fact, does not the gentleman think this long and involved amendment should not be considered in this manner by debating it only a very few moments on the floor? That is not the proper procedure. Does not the gentleman think we ought to take it back to the committee and look into it and see what the effect of the language will be? We do not know what the effect will be. People who know tobacco best should be consulted along with Government agencies.

Mr. MICHEL. I differ with the gentleman, because it is a very simple limitation. There is no prolonged argument necessary about what we are trying to do.

Mr. GATHINGS. What you are trying to do is to change a law that has been on the statute books since 1933. It will revolutionize the whole CCC structure.

To impose a limitation as contained in your amendment is the opening wedge in obtaining lower limitations in the future.

Mr. MICHEL. I differ with the gentleman, because the Secretary told us just yesterday in the subcommittee that this would not disrupt the entire program and that, as a matter of fact, under this kind of language we are taking care of every administrative objection, particularly in the matter of disposing of your tobacco crops through co-ops.

Mr. BALDWIN. Mr. Chairman, will the gentleman yield?

Mr. MICHEL. I yield to the gentleman from California.

Mr. BALDWIN. I congratulate the gentleman for offering this amendment, and this is the proper place for an amendment of this type. The House remembers well last week in a rider on an appropriation bill an amendment was offered. Now, to carry out that will we should adopt an amendment of this type when we have a legislative bill up for consideration.

Mr. MICHEL. I thank the gentleman.

Mr. SMITH of Mississippi. Mr. Chairman, will the gentleman yield?

Mr. MICHEL. I yield to the gentleman from Mississippi.

Mr. SMITH of Mississippi. I just want to express my appreciation to the gentleman making it clear that those who took the action last week were taking an improper action by voting an improper amendment at the wrong place. I am glad you realized your mistake.

Mr. MICHEL. That would be only with some reservation.

Mr. COOLEY. Mr. Chairman, will the gentleman yield?

Mr. MICHEL. I yield to the distinguished chairman from North Carolina.

Mr. COOLEY. The gentleman will recall that I objected to the Taber amendment because it applied to co-ops. As I understand, the gentleman's amendment clearly does not apply to co-ops.

Mr. MICHEL. That is right, sir.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Illinois [Mr. MICHEL].

The question was taken; and the Chair being in doubt, the Committee divided and there were—ayes 108, noes 55.

So the amendment was agreed to.

Mr. MICHEL. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. MICHEL: On page 3, line 6, after the word "amended" add the following paragraph: "Notwithstanding any other provision of law, the Flue-cured tobacco acreage allotment which would otherwise be established for any farm having a Flue-cured acreage allotment in 1960 and subsequent years shall not be less than 2 acres."

(Mr. MICHEL asked and was given permission to proceed for 3 additional minutes.)

Mr. MICHEL. Mr. Chairman, I should like to preface my remarks in the support of the amendment just offered by saying that I came into this Chamber yesterday with an open mind relative to this bill and I sat through the entire debate even though we grow no tobacco whatsoever on the farms in my district.

Ours is a corn, soybean, and livestock producing area. Nevertheless, I was particularly interested in this bill because its proponents assert that they are for reducing price supports on tobacco and tobacco now is the only crop supported at 90 percent of parity. This certainly is a departure from the distinguished chairman's position of at least the last several years. The distinguished chairman and proponents of this bill have stated that it is necessary to lower the price support for tobacco to make it competitive in both domestic and world markets. This is a new approach for it is the first time that I can recall that the chairman has suggested that it is necessary to lower price supports for any commodity. It is equally interesting that Members now recognize that it is important to sell commodities in domestic and foreign markets rather than store them in Government warehouses. When it is said that tobacco price supports must be lowered in order to meet competition, these Members are mouthing the very words of our Secretary of Agriculture, Mr. Benson and I personally commend the Members for taking this view.

Many Members of this House have traveled the breadth and width of this country saying that the solution of agriculture's ills is 90-percent parity price supports. Having said this many Members now advocate the misleading and complicated legislation now before the House in order to lower price supports and still maintain them at 90 percent of the old parity formula. Mr. Chairman, I am opposed to the haphazard method of singling out one crop here and another there for special consideration even though admittedly there are problems peculiar to certain of the basic commodities.

I can recall in my 12 years here on the Hill coming to debate on farm legislation up in the gallery and here on the House floor and I have heard it said "we have given you wheat boys an opportunity to write your section of the bill, you corn boys have written your section, those interested in cotton have written your section, peanuts, yours, tobacco, rice, and so forth, and it has always made me feel as though it has just been one grand log rolling operation. To use the same logic in consideration of a labor bill, you would think all that was necessary was to call in Mr. Reuther, Mr. Hoffa and Mr. Meany and give them precisely what they want. It seems to me that in all these discussions each special interest has come in for its payoff and the general public be damned.

Now, I certainly want to make it clear in this connection, that coming from a corn and soybean producing area that I am not against the tobacco farmer. From the early days of history, the raising of tobacco has been an important part of the American economy and the chairman yesterday and others today have pointed out the amount of Federal revenues derived from the heavy taxes imposed upon tobacco users. And parenthetically, I might say that in the distilling industry, back in my area, we have the largest distillery in the world,



and we are putting better than \$1 million a day from one plant into the Federal Treasury as excise taxes on distilled spirits.

But again, I must say that the bringing of this bill before us aroused my curiosity and I asked the Department of Agriculture to furnish me with some figures which prompted me to introduce the amendment to provide for a minimum 2-acre flue-cured tobacco acreage allotment for any farmer desiring to grow this type tobacco. I was amazed to learn that in the distribution of flue-cured tobacco allotments for 1957 of the 211,000 total allotments, 124,000 were in the State of North Carolina but even more astounding, is the fact that in 1957 more than 9,000 had an allotment of less than one-half acre. Do you realize, gentlemen, that a one-half acre is no larger than the roof of this Chamber? Better than 10,000 had an allotment between a one-half acre and a full acre and that better than 27,000 had an allotment less than 2 acres and that another 25,000 had an allotment of less than 3 acres. I am wondering how these poor farmers can eke out a living on such a small allotment and I am surprised that no move has been made to alleviate the situation by the very same Members of this House who have on so many occasions piously propounded to be the champion of the small farmer. Could it be that the large producers are running the show so far as tobacco legislation is concerned? It is almost incredible, Mr. Chairman, that more than three-fourths of all the growers of flue-cured tobacco, for example, have allotments of less than 4 acres each. This large proportion of growers accounts for less than one-half of the total flue-cured acreage allotment. Less than 5 percent of the growers, the few large growers, control 16 percent of the total acreage.

The burley tobacco allotments are even smaller. Two-thirds of all the burley tobacco allotments are for less than seven-tenths acre each. It wouldn't make much difference what the price is, just try to make a decent income on an allotment that small.

Mr. Chairman, my amendment is very simple, it merely provides that in 1960 and subsequent years the flue-cured tobacco acreage allotment which would be established on any farm shall not be less than 2 acres. Because the planting of the 1959 crop is now underway, this provision cannot be made effective this year. While I am in complete agreement that it is necessary to lower tobacco price supports, I believe it is equally important that we provide the small tobacco farmer with sufficient acreage to earn a decent farm income. While price is important, farmers' net income is determined by the volume he sells times the price he receives minus his production cost. It is for this reason that I feel the small tobacco farmer should have an acreage allotment of at least 2 acres in 1960 and subsequent years.

The average tobacco acreage allotment as I understand it, is approximately 2 acres. There are more than 90,000 flue-cured tobacco acreage allot-

ments that are 2 acres or less. All my amendment is intended to do is to provide that in 1960 and subsequent years those tobacco farmers who currently have less than 2 acres would at least have that size tobacco acreage allotment.

Mr. Cooley the distinguished chairman and other members of the House Agriculture Committee have declared that the establishment of minimum acreage allotments is important if we are to protect the family farm. In an August 1, 1956, report of the House Committee on Agriculture on the family farm, we find this comment on page 24:

In farm programs which convey authority for production adjustments, specific provision must be made for allotments of acres or units of production that will reflect fair treatment to small farmers in relation to the needs of their families for a decent standard of living. To this end specific minimum allotments should be made for the various crops under production adjustment programs. The subcommittee in its field studies found great hardships among small farmers resulting from the constriction of their allotted acres below the necessities of the farm families. These hardships, and their solution through minimum allotments, should be the concern of the Department of Agriculture, the Congress, and the Nation.

By my amendment here today, I am merely trying to carry out the recommendation of the House Committee on Agriculture insofar as it would apply to flue-cured tobacco growers.

I would like to ask Mr. COOLEY, Mr. McMILLAN, Mr. ABBITT, and Mr. MATTHEWS—all of whom come from areas where flue-cured tobacco is important—if a 2-acre allotment would not be of assistance to their small tobacco growers. They have indicated that it would by the very fact that they signed the House committee report on the family farm, which urges minimum allotments to protect the small family farms. Since they made this recommendation, I assume that they will support my amendment.

I would like to also ask Mr. WATTS and others from the burley tobacco area, that since they now have a provision in the law to protect the small burley tobacco grower, that a provision to protect the small flue-cured grower would also be equally important and desirable.

Since many Members have made numerous speeches throughout this country of their interest in the small family farm, I presume that they will be willing to take the words that they have said and translate them into actual action by supporting my amendment to provide at least 2 acres for the small flue-cured tobacco growers. This is your opportunity, it seems to me, to indicate if you are really for the small family farm or whether you have been giving this idea mere lip service in your various speeches.

Currently the law provides for protection for the small-family farmer in the case of burley tobacco, cotton, and wheat. I see no reason why similar provisions should not be made for the flue-cured tobacco growers.

To me, it makes a great deal of sense if we are going to lower the price sup-

ports for tobacco farmers—and I am in complete agreement that this is necessary—that at the same time we provide the small family size tobacco farmer with at least enough acreage so that he can earn a decent farm income. I presume the Chairman and his distinguished colleagues are for the small family tobacco grower and that they will support my amendment.

Mr. JENNINGS. Mr. Chairman, will the gentleman yield?

Mr. MICHEL. I gladly yield to the gentleman from Virginia.

Mr. JENNINGS. Could the gentleman inform us how much this amendment would increase the overall acreage allotment for flue-cured tobacco?

Mr. MICHEL. That I am not in a position to give.

Mr. JENNINGS. May I ask the gentleman, Would it increase production?

Mr. MICHEL. That I am not fully prepared to say, although I cannot conceive that it would, in view of my not changing the countrywide quota.

Mr. JENNINGS. Can the gentleman tell us how much additional this would cost the Government; how much more it would cost in storage than the present program?

Mr. MICHEL. Frankly, I do not think it would cost a dime more.

Mr. JENNINGS. Does the gentleman not agree that it would produce more tobacco?

Mr. MICHEL. Not necessarily.

Mr. DEROUNIAN. Mr. Chairman, will the gentleman yield?

Mr. MICHEL. I yield to the gentleman.

Mr. DEROUNIAN. Is it not about time to write a section for the consumer in the United States?

Mr. MICHEL. That is exactly the point that I was trying to make. In all this debate the public seems to be damned while the voices of special interest reign supreme. We in the corn producing area, might very well be guilty of this too, but I say it is wrong.

Mr. BECKWORTH. Mr. Chairman, will the gentleman yield?

Mr. MICHEL. I yield.

Mr. BECKWORTH. Did the gentleman find out how many people have gone out of the business of growing tobacco, say, in the last 5, 10, or 15 years, because of small allotments?

Mr. MICHEL. No; but I should say that that must certainly be the case in point.

Mr. COOLEY. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, unfortunately the author of the amendment is not able to tell us just what the effect of his amendment will be. It is clear, however, that about 92,000 allotments would be involved. They are the farmers with allotments below 2 acres. In North Carolina we have more little farmers than any State in the Union. I do not recall having received a single petition from a single farmer in North Carolina asking us to establish a minimum acreage allotment for flue-cured tobacco. It is rather strange that the author of the amend-



ment who represents a district in which tobacco is not even grown should feel that it is necessary for him to come to the rescue of the people that we, from the tobacco districts, represent.

Mr. Chairman, to aid the House in understanding what is proposed here, I offer this table showing the distribution of Flue-cured tobacco allotments in 1957 by size groups:

Size of allotments	North Carolina	Florida	Alabama	Georgia	South Carolina	Virginia	Total
From 0.01 through 0.50.....	9,655	570	71	1,619	4,225	1,695	17,835
From 0.51 through 1.....	10,176	805	49	2,758	3,104	2,536	19,228
From 1.01 through 2.....	27,320	2,913	82	11,341	6,427	7,211	55,294
From 2.01 through 3.....	25,383	1,175	54	6,049	4,396	4,151	41,208
From 3.01 through 4.....	17,135	565	14	2,632	3,027	3,194	26,567
From 4.01 through 5.....	10,387	289	12	1,574	1,801	1,994	16,057
From 5.01 through 6.....	6,777	161	4	812	1,164	1,129	10,047
From 6.01 through 7.....	3,996	77	2	445	666	624	5,810
From 7.01 through 8.....	2,929	63	1	331	494	396	4,214
From 8.01 through 9.....	2,148	53	0	250	393	298	3,142
From 9.01 through 10.....	1,489	30	0	130	307	201	2,157
From 10.01 through 20.....	5,320	88	4	437	957	530	7,336
From 20.01 through 50.....	1,499	11	0	90	213	98	1,911
From 50.01 through 100.....	197	1	0	4	16	9	227
From 100.01 through 200.....	30	0	0	1	3	1	35
Over 200.....	5	0	0	0	0	0	5
Total number of allotments.....	124,446	6,801	293	28,473	27,193	23,867	211,073

Mr. MICHEL. Mr. Chairman, will my good chairman yield?

Mr. COOLEY. Certainly, I yield to my colleague.

Mr. MICHEL. During the course of the debate, time and time again the good chairman criticized Members on our side for being against the small farmer.

Mr. COOLEY. No, no, that is not so.

Mr. MICHEL. I want to help the small farmer, if I can by the adoption of this amendment.

Mr. COOLEY. No, I was not criticizing the gentleman for being against the small farmer. I know that the small farmer has friends everywhere, on both sides of the aisle. But to give you an illustration, in Kentucky in the burley area they had a minimum acreage allotment. Then they found they could not possibly live with it. They came to the Congress and asked for the repeal of that provision. Nobody appeared in opposition to the repeal of the minimum acreage allotment in the burley area. Now you intend to impose a minimum acreage allotment on the Flue-cured tobacco growing area and you do not have any idea how much more it is going to cost the Government, and, definitely, it is going to cost the Government a substantial amount more and it will increase the acreage on one hand while we are trying desperately to decrease the acreage on the other.

Mr. MICHEL. All that I am trying to do in the overall allotments is that the allotment be taken from the big and be given to the small. No one who does not have an allotment now could be qualified in 1960 unless he had an allotment in 1959.

Mr. COOLEY. The gentleman's amendment certainly would not accomplish what the gentleman says he intends to accomplish.

Mr. MICHEL. Why not?

Mr. COOLEY. Because it does not take it away from the large grower and give it to the small grower. You provide only that the acreage on any farm should not be less than 2 acres. Therefore, you are merely adding to the acreage while we are trying to reduce the acreage. I am quite certain the Secretary of Agriculture would oppose the

gentleman's amendment and I, as chairman of the committee, oppose it because I know it is not wanted. It seems to me if it was wanted, the people who are interested would be asking for it. The small grower—and in North Carolina there are little growers with only one-half acre—have not asked us a minimum in the law, as you propose.

Mr. POAGE. Mr. Chairman, will the gentleman yield?

Mr. COOLEY. I yield.

Mr. POAGE. Does this not simply show that this is another one of those amendments that is brought up here on the floor of the House with just about as much thought as that two weeks ago when the gentleman from Illinois apologized for it. And is this not one of those cases that has not had any more thought either as to what would be its effect?

Mr. COOLEY. I think the gentleman should be consistent and let the legislative committee work out this problem, which we will consider when someone urges us to do so.

Mr. CHELF. Mr. Chairman, will the gentleman yield?

Mr. COOLEY. I yield.

Mr. CHELF. I do not yield to anybody in the protection of my little farmers. Let me say to you one thing right now. If I thought that this was feasible, and if I thought this would help our program, I would be the one to offer the amendment.

Mr. COOLEY. Why, certainly.

Mr. CHELF. And I say to you right now it will wreck our program. It will do away with our cash crop. Why, you talk about the little fellow being destroyed? Why, I have as many as you have.

Mr. MICHEL. Mr. Chairman, will the gentleman yield?

Mr. COOLEY. I yield.

Mr. MICHEL. I do not propose by my amendment to change the overall quota for tobacco.

Mr. COOLEY. I think the gentleman should give the matter more consideration than he has given it. I would like to make it 3 or 4 acres—you know I would—but I do not want to wreck this program.

In any event, Mr. Chairman, I ask for the defeat of the pending amendment.

Mr. GROSS. Mr. Chairman, will the gentleman yield?

Mr. COOLEY. I yield.

Mr. GROSS. Before we leave the bill altogether, would the gentleman and this committee give the corn farmers of this country the same consideration that here today is being given to the tobacco growers?

Mr. COOLEY. Did the gentleman refer to the corn farmers?

Mr. GROSS. Yes.

Mr. COOLEY. We have been considering feed grains legislation for 6 months and we have a bill pending before the Committee on Rules. If you can get the Committee on Rules to report it out, we will bring it here and give it all the consideration possible.

Mr. GROSS. All the consideration possible? Will you give the corn farmers the same consideration that is here today being given to the tobacco growers.

Mr. COOLEY. Yes, sir; I will vote to give you the lower of either the old or the new parity.

Mr. WHITTEN. Mr. Chairman, I move to strike out the last word.

Mr. COOLEY. Mr. Chairman, will the gentleman yield?

Mr. WHITTEN. I yield.

Mr. COOLEY. I believe that this one point should be made. This amendment would be applicable to the 1959 crops and all of the allotments have already been made for 1959 and it would be breaking the faith with all of the farmers to whom allotments have been given for this year.

Mr. WHITTEN. I thank the gentleman.

Mr. MICHEL. Mr. Chairman, will the gentleman yield?

Mr. WHITTEN. I yield.

Mr. MICHEL. Did I understand the gentleman to say that this applied to the crop of 1959?

Mr. WHITTEN. So the gentleman from North Carolina has stated.

Mr. MICHEL. It specifically does not, in my amendment.

Mr. WHITTEN. Mr. Chairman, I ask unanimous consent to proceed for 3 additional minutes in view of the interruptions.

The CHAIRMAN. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

Mr. WHITTEN. Mr. Chairman, my good friend from Illinois, a member of our Subcommittee on Agriculture Appropriations, is a fine person. The Department used to prepare questions for our friend Charlie Vursell to ask in the committee, but Charlie's glasses were bad and somebody had to read some of the questions for him; my friend Bob is an improvement. When the gentleman from Illinois [Mr. MICHEL] offered the amendment he said it did not apply to any production in his district, that his district did not get any benefit out of this bill. Recently when our appropriation bill was before the House I said that any man was entitled to be local for at least 1 year on the Appropriations Subcommittee; but it is a national position, and



after the first year it was my thought that he ought to look at the national aspects of this matter. I had reference to that subcommittee. I did not mean that for every one of the committees, of course.

We have before us an amendment that does not affect the gentleman's district. He has corn in his district and there is no control on corn and it has a \$1.12 price support. For most of us it is so easy to point out what should be done in areas where other people know more about it.

I have served on the Subcommittee on Agriculture Appropriations for 14 years. In my experience the problems have been so complicated that I do not know as much about the tobacco program after 14 years of study as I should. I have a different view of the basic approach. I yield my views, however, to those who live with the problem.

Let me say again that price supports are made necessary by the other laws that we have on our statute books giving labor the right to organize, giving labor the right to strike, giving labor minimum wages, and industry's having the right to make up its own profits through cost-plus and other laws on the statute books. If we are not to wreck our economy, agriculture has got to have the right to meet the changing practices in industry and labor or our whole economy will go down in total collapse.

The tragedy of the policy our Secretary of Agriculture is following, including the wasted money spent on the conservation and acreage reserve programs, programs sponsored by the Secretary of Agriculture and administered by the Secretary of Agriculture, and yet the wasteful practices under his administration are being used to inflame the 88 percent of the nonfarmers against the farmers on any program. Looking around me I see Members who due to this buildup of public sentiment, on erroneous information back home, are afraid to vote for any program, however sound.

Let me say to you that the farmers are entitled to have their share of the law, necessary to protect their share in the economy of this Nation on the same basis with industry and labor; and, for the good of the whole economy, a balance must be retained.

My friend has said he got a whole lot of figures from the Department. As to how those figures are applied is a matter of opinion. But he very significantly said that he had not asked how much the total production was at any time or how much his amendment would add.

Mr. Chairman, the farmers are not entitled to these protections to offset other laws unless they are willing to do the things that make protection possible; until they are willing to do their parts, and their part means that they have got to pull their production down into line with domestic and foreign markets, and I am saying to you that in the guise of this type of amendment the effect is to increase total production. This oversupply will then be used by those opposed to farm programs to destroy all Government programs.

Let us listen to the people who live with this problem, who are dependent upon present markets and future markets, people who are dependent on income from tobacco. The other day the House adopted the Taber amendment placing \$50,000 gross limitation on the volume of production that any person could place under price supports. This forces such production not eligible for loans on the domestic market. I believe it will break the market and therefore all production per person under \$50,000 will go into the hands of the Government. The ineligible production will defeat the purpose of the program. If Mr. Benson has not done enough to wreck the farm program, my friend JOHN TABER did the rest when he put over his amendment leaving part of production out and part in.

I am telling my friends on the Republican side that this thing will catch up with them in September and October of 1960, just before the next election. It looks as though the Secretary of Agriculture, Mr. Benson, the President, and others will be in here just before the elections in 1960 as they were in 1956 when they sponsored that \$2.7 billion thing known as the soil bank requesting that \$1.6 billion be paid to the farmers in September and October of 1956 just before the election. So it is my feeling that in September and October of 1960 you are going to be in here with some synthetic, foolish, ridiculous program like your acreage reserve which your President now says is no good, which your Secretary of Agriculture says is no good, and which Congress says is no good, and so we kicked it out. The farmers do not want such a program. They want their fair share of the law, reasonable profits, and a long-range marketing program. If this cannot be given them you are going to answer for it, in my opinion, not merely by farm votes, but in the disastrous effect on the economy.

Remember a drastic break in farm prices and income led off the depression of the 1920's. It appears that the Department and many others do not recognize that neither agriculture, industry, nor labor can go down into depression without pulling down the rest—again like in the 1920's, agricultural net income from the farm is being forced to a level which will pull down all the rest.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Illinois.

The amendment was rejected.

Mr. BROOMFIELD. Mr. Chairman, it is my intention to vote against S. 1901, the tobacco bill, and H.R. 7246, the wheat bill, and I urge my colleagues to do the same.

Any extension of our present farm subsidy program is bound, by its very nature, to do more harm than good to our farmers, our consumers and our taxpayers.

The farmers are paying for these subsidies with their freedom, the consumers are paying with higher prices for farm products and taxpayers—and that includes all of us—are paying tremendous-

ly through wasted Federal effort in the wrong direction.

At a time when we should be taking dramatic steps toward lifting all farm subsidy regulations, we now find ourselves with bills which would further pile Government regulation on top of Government regulation, expand further the artificial fiscal devices which have created our present predicaments, increase taxes for a program which is going nowhere except toward bankruptcy and impose further shackles on the farmer by dictating the amount of crops he can raise.

Our agricultural economy is in a state of extreme imbalance, ready to topple with the first breath of competition. We cannot improve this precarious situation by piling additional regulations on top of this already topheavy situation. We must build a broad and substantial base which does not ignore laws of economics which are as irrefutable as the law of gravity.

The only method by which we can convince our farmers that they should grow for the marketplace instead of the Government warehouse is to allow free market conditions to prevail. That is the only method by which we will restore dignity and integrity to our farmers, confidence in our lawmakers by our taxpayers and fair prices to our consumers.

The bills before us today will further increase the tremendous sums which have been spent to salvage our hopeless farm program. For the current fiscal year, we set a new high of \$5.4 billion in Federal funds used to try to stabilize farm prices and income. This compares with \$3.2 billion spent in fiscal 1958 and only \$2.1 billion spent in 1953.

Commodity Credit Corporation investments in farm goods is expected to reach \$9.8 billion by June 30, 1960, compared to \$1.4 billion at a similar time in 1952.

Wheat will make up about 35 percent of this total investment by the end of the next fiscal year, and wheat and feed grains together will account for near 78 percent.

The larger surplus stocks which our Federal Government is now holding and will hold in the future are also costing our Federal Treasury dearly. Inventories plus interest will amount to \$1.3 billion for the next fiscal year under our present programs. Unless we are successful in reducing these ridiculous stockpiles to more realistic levels, our taxpayers are going to have to continue to foot the bill for these needless expenditures.

For instance, we will have 1.4 billion bushels of wheat in storage by the end of the next fiscal year—almost two and one-half times our annual domestic consumption. All of our wheat exports have to be subsidized because our artificial controls have priced us entirely out of the world market.

From the state of affairs in which our Nation's investment in agriculture now finds itself, there is no doubt that our taxpayers are going to have to pay larger and larger amounts to keep this program going. The worst part of it is that there is no end in sight. We are going absolutely nowhere with our price support



and farm subsidy programs. We will surely lose our world markets if present practices prevail. We will encourage more and more production of farm goods on fewer acres, meanwhile penalizing those farmers whose crops are outside the price support program by forcing them to pay higher feed costs.

We must decide where we are going, whether we are to choose the path of freedom for our farmers, whether we are to continue investing in a program which only serves to make our problems worse in the long run, whether we are to pile tax on top of tax and debt on top of debt to go nowhere.

Either we choose freedom or we choose economic slavery, with our Federal Government holding the club and the carrot over the economic welfare of each of our farmers. Either we compete in world markets or we draw into a turtle-like shell, forced out of world trade by our own folly. Either we stop this wholesale Government regulation of a large segment of our people or we give them a chance to think and act for themselves.

In my mind, this issue is clear. I intend to oppose all extensions of our subsidy program and our price support programs, and to cast my vote in favor of those bills which will return the right of self-determination to our farmers, fairness to our taxpayers who are paying for these programs and fair prices to our consumers.

Mr. BOLAND. Mr. Chairman, I rise in support of the bill. This legislation is necessary if we are going to have tobacco price stabilization.

The tobacco growers of the Connecticut Valley in my congressional district in western Massachusetts, who produce binder types 51 and 52 are not included and have so informed me. Under leave, I include a telegram I received from Mr. Samuel J. Orr, general manager of the Connecticut-Massachusetts Tobacco Cooperative:

HOLYOKE, MASS., June 1, 1959.

U.S. Representative EDWARD P. BOLAND,  
House Office Building,  
Washington, D.C.:

We urge your support of the Cooper-Jordan bill already passed by Senate concerning tobacco price stabilization, originally introduced as H.R. 5058. We urge that you vigorously oppose crippling amendments to this much needed legislation.

SAMUEL J. ORR,

General Manager, Connecticut-Massachusetts Tobacco Cooperative.

Mr. Chairman, Connecticut Valley binder types 51 and 52 are not included under provisions of this legislation. The Secretary of Agriculture recently provided a revised method of computing parity prices for this tobacco under the authority of section 301(a)(1)(F) of the Agricultural Adjustment Act of 1938. That section provides that whenever the parity price of a commodity is seriously out of line, the Secretary shall make appropriate revision of the method of computing the parity price for such commodity. Last year producers requested the Secretary to review the parity price for these types 51 and 52 and the Secretary subsequently established lower parity prices for them. Nevertheless, the Connecticut Valley tobacco growers

favor this legislation because it will stabilize tobacco prices and it is good for the entire tobacco industry.

As the gentleman from Virginia [Mr. ABBITT] has pointed out, the tobacco program, so far as price support is concerned, has never cost the American taxpayers any money, but it has brought billions of dollars in revenue into the Treasury.

The CHAIRMAN. Under the rule, the Committee rises.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. DELANEY, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (S. 1901) to amend section 101(c) of the Agricultural Act of 1949 and the act of July 28, 1945, to stabilize and protect the level of support for tobacco, pursuant to House Resolution 286, he reported the bill back to the House with an amendment adopted by the Committee of the Whole.

The SPEAKER. Under the rule, the previous question is ordered.

The question is on the amendment.

The amendment was agreed to.

The SPEAKER. The question is on the third reading of the bill.

The bill was ordered to be read a third time and was read the third time.

Mr. HOEVEN. Mr. Speaker, I offer a motion to recommit.

The SPEAKER. Is the gentleman opposed to the bill?

Mr. HOEVEN. I am, Mr. Speaker.

The SPEAKER. The Clerk will report the motion to recommit.

The Clerk read as follows:

Mr. HOEVEN moves to recommit the bill S. 1901 to the Committee on Agriculture with the instructions to report the same back to the House forthwith with the following amendment: On page 1, line 9, strike out the words "each subsequent crop" and insert in lieu thereof the words "the 1959, 1960, and 1961 crops."

And on page 2, line 2, insert a period after the word "crop" and strike out the rest of line 2 and strike out lines 3 through 22.

Mr. COOLEY. Mr. Speaker, I move the previous question on the motion to recommit.

The previous question was ordered.

The SPEAKER. The question is on the motion to recommit offered by the gentleman from Iowa [Mr. HOEVEN].

Mr. HOEVEN. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 138, nays 260, not voting 36, as follows:

[Roll No. 75]

YEAS—138

Adair	Berry	Chipperfield
Alger	Betts	Church
Allen	Bolton	Collier
Arends	Bosch	Conte
Auchincloss	Bow	Corbett
Avery	Boyle	Cramer
Baldwin	Bray	Curtin
Barr	Broomfield	Curtis, Mass.
Barry	Brown, Ohio	Curtis, Mo.
Bass, N.H.	Budge	Dague
Bates	Bush	Derounian
Baumhart	Byrnes, Wis.	Derwinski
Becker	Cahill	Devine
Belcher	Cederberg	Dixon
Bennett, Mich.	Chamberlain	Dooley
Bentley	Chenoweth	Dorn, N.Y.

Dwyer	Laird	Rees, Kans.
Fenton	Latta	Rhodes, Ariz.
Fino	Lindsay	Riehlman
Ford	Lipscomb	Robison
Frelinghuysen	McCulloch	Rogers, Mass.
Fulton	McDonough	St. George
Gavin	McDowell	Saylor
Goodell	McIntire	Schenck
Griffin	Macdonald	Scherer
Griffiths	Machrowicz	Schwengel
Gross	Mack, Wash.	Simpson, Ill.
Halleck	Madden	Smith, Calif.
Halpern	Martin	Springer
Henderson	Mason	Stratton
Hess	Meador	Taber
Hiestand	Morrow	Taylor
Hoeven	Michel	Teague, Calif.
Hoffman, Ill.	Miller, N.Y.	Thomson, Wyo.
Holt	Milliken	Utt
Holtzman	Minshall	Van Pelt
Horan	Moore	Van Zandt
Hosmer	Mumma	Wainwright
Jackson	Norblad	Wallhauser
Jensen	Osmers	Weaver
Johansen	Ostertag	Weiss
Judd	Pelly	Westland
Keith	Pillion	Wharton
Kilburn	Pirnie	Widnall
Knox	Quile	Wilson
Lafore	Ray	Younger

NAYS—260

Abbitt	Farbstein	Libonati
Abernethy	Fasell	McCormack
Addonizio	Feighan	McFall
Albert	Fisher	McGinley
Alexander	Flood	McGovern
Alford	Flynn	McMillan
Andersen,	Flynt	McSweeney
Minn.	Fogarty	Mack, Ill.
Anderson,	Foley	Magnuson
Mont.	Forand	Mahon
Andrews	Forrester	Marshall
Ashley	Fountain	Matthews
Ashmore	Frazier	May
Aspinall	Friedel	Metcalf
Bailey	Gallagher	Meyer
Baker	Gary	Miller, Clem
Barden	Gathings	Mills
Barrett	George	Mitchell
Bass, Tenn.	Glaimo	Moeller
Beckworth	Granahan	Monagan
Bennett, Fla.	Grant	Montoya
Blatnik	Green, Oreg.	Moorhead
Blicht	Green, Pa.	Morgan
Boggs	Hagen	Morris, N. Mex.
Boland	Haley	Morris, Okla.
Bonner	Hall	Morrison
Bowles	Hardy	Moss
Brademas	Hargis	Multer
Breeding	Harmon	Murphy
Brewster	Harris	Murray
Brock	Harrison	Natcher
Brooks, La.	Hays	Nelsen
Brooks, Tex.	Hébert	Nix
Brown, Ga.	Hechler	Norrell
Brown, Mo.	Hemphill	O'Brien, Ill.
Burdick	Herlong	O'Hara, Ill.
Burke, Mass.	Hogan	O'Hara, Mich.
Burleson	Hollifield	O'Konski
Byrne, Pa.	Holland	O'Neill
Cannon	Huddleston	Oliver
Carnahan	Hull	Passman
Carter	Ikard	Patman
Celler	Irwin	Perkins
Chelf	Jaimes	Pfost
Clark	Jennings	Philbin
Coad	Johnson, Calif.	Pilcher
Coffin	Johnson, Colo.	Poage
Cohelan	Johnson, Wis.	Poff
Colmer	Jonas	Porter
Cook	Jones, Ala.	Powell
Cooley	Jones, Mo.	Price
Cunningham	Karsten	Prokop
Daddario	Karth	Pucinski
Daniels	Kasem	Quigley
Davis, Ga.	Kastenmeier	Rabaut
Dawson	Kee	Rains
Delaney	Kelly	Randall
Dent	Keogh	Reuss
Denton	Kilday	Rhodes, Pa.
Diggs	Kilgore	Riley
Dingell	King, Calif.	Rivers, Alaska
Dollinger	King, Utah	Rivers, S.C.
Donohue	Kirwan	Roberts
Dorn, S.C.	Kitchin	Rodino
Dowdy	Kluczynski	Rogers, Colo.
Doyle	Kowalski	Rogers, Fla.
Dulski	Landrum	Rooney
Durham	Lane	Roosevelt
Edmondson	Langen	Rostenkowski
Elliott	Lankford	Roush
Everett	Lennon	Rutherford
Evins	Lesinski	Santangelo
Fallon	Levering	Saund



Scott  
Selden  
Sheppard  
Shipley  
Short  
Sikes  
Siler  
Sisk  
Slack  
Smith, Iowa  
Smith, Kans.  
Smith, Miss.  
Smith, Va.  
Spence  
Staggers

Steed  
Stubblefield  
Sullivan  
Teague, Tex.  
Teller  
Thomas  
Thompson, N.J.  
Thompson, Tex.  
Thornberry  
Toll  
Trimble  
Tuck  
Udall  
Ullman  
Vanik

Vinson  
Wampler  
Watts  
Whitener  
Whitten  
Wier  
Williams  
Willis  
Winstead  
Yates  
Young  
Zablocki  
Zelenko

Gross  
Hagen  
McIntire  
Hall  
Hardy  
Hargis  
Harmon  
Harris  
Harrison  
Hays  
Hebert  
Hechler  
Hemphill  
Herlong  
Hogan  
Hollfield  
Holland  
Horan  
Huddleston  
Hull  
Ikard  
Jarman  
Jennings  
Jensen  
Johnson, Calif.  
Johnson, Colo.  
Johnson, Wis.  
Jonas  
Jones, Ala.  
Jones, Mo.  
Judd  
Karsten  
Karth  
Kasem  
Kastenmeier  
Kee  
Keogh  
Kilday  
Kilgore  
King, Calif.  
Klwan  
Kitchin  
Kluczynski  
Kowalski  
Landrum  
Lane  
Langen  
Lankford  
Lennon  
Lesinski  
Levering  
Libonati  
McCormack  
McCulloch  
McFall

McGinley  
McGovern  
McIntire  
McMillan  
McSweeney  
Mack, Ill.  
Magnuson  
Mahon  
Marshall  
Matthews  
May  
Metcalfe  
Michel  
Miller, Clem  
Mills  
Mitchell  
Monagan  
Montoya  
Moore  
Moorhead  
Morgan  
Morris, N. Mex.  
Morris, Okla.  
Morrison  
Moss  
Moulder  
Multer  
Murphy  
Murray  
Natcher  
Nelsen  
Nix  
Norrell  
O'Brien, Ill.  
O'Hara, Ill.  
O'Hara, Mich.  
O'Konski  
O'Neill  
Oliver  
Passman  
Patman  
Perkins  
Pfost  
Philbin  
Pilcher  
Poage  
Poff  
Porter  
Price  
Pucinski  
Quie  
Rabaut  
Rains  
Randall  
Rees, Kans.

Reuss  
Riley  
Rivers, Alaska  
Rivers, S. C.  
Roberts  
Rogers, Colo.  
Rogers, Fla.  
Roosevelt  
Rostenkowski  
Rutherford  
Santangelo  
Saund  
Scott  
Selden  
Sheppard  
Shipley  
Short  
Sikes  
Siler  
Sisk  
Slack  
Smith, Iowa  
Smith, Kans.  
Smith, Miss.  
Smith, Va.  
Spence  
Springer  
Staggers  
Steed  
Stratton  
Stubblefield  
Teague, Calif.  
Teague, Tex.  
Teller  
Thomas  
Thompson, Tex.  
Thomson, Wyo.  
Thornberry  
Toll  
Trimble  
Tuck  
Udall  
Ullman  
Van Pelt  
Vinson  
Wampler  
Watts  
Weaver  
Whitener  
Whitten  
Wier  
Williams  
Willis  
Winstead  
Young

## NOT VOTING—35

Anfuso  
Baring  
Bolling  
Brooks, La.  
Broyhill  
Buckley  
Burke, Ky.  
Canfield  
Casey  
Davis, Tenn.  
Downing  
Fisher  
Garmatz  
Glenn  
Gray  
Gubser  
Healey  
Hoffman, Mich.  
Johnson, Md.  
Kearns  
Loser  
Mailliard  
Miller, George P.  
O'Brien, N.Y.  
Preston  
Reece, Tenn.  
Rogers, Tex.  
Shelley  
Simpson, Pa.  
Thompson, La.  
Tollefson  
Walter  
Withrow  
Wolf  
Wright

## NOT VOTING—36

Anfuso  
Ayres  
Baring  
Bolling  
Boykin  
Broyhill  
Buckley  
Burke, Ky.  
Canfield  
Casey  
Davis, Tenn.  
Downing  
Garmatz  
Glenn  
Gray  
Gubser  
Healey  
Hoffman, Mich.  
Johnson, Md.  
Kearns  
Loser  
Mailliard  
Miller, George P.  
Moulder  
O'Brien, N.Y.  
Preston  
Reece, Tenn.  
Rogers, Tex.  
Shelley  
Simpson, Pa.  
Thompson, La.  
Tollefson  
Walter  
Withrow  
Wolf  
Wright

So the motion to recommit was rejected.

The Clerk announced the following pairs:

On this vote:

Mr. Gubser for, with Mr. Reece of Tennessee against.  
Mr. Baring for, with Mr. Preston against.  
Mr. Simpson of Pennsylvania for, with Mr. Garmatz against.  
Mr. Kearns for, with Mr. Loser against.  
Mr. Glenn for, with Mr. Anfuso against.  
Mr. Tollefson for, with Mr. Buckley against.

Until further notice:

Mr. Healey with Mr. Ayres.  
Mr. Rogers of Texas with Mr. Broyhill.  
Mr. Shelley with Mr. Canfield.  
Mr. George P. Miller with Mr. Hoffman of Michigan.  
Mr. Burke, of Kentucky with Mr. Mailliard.  
Mr. Thompson of Louisiana with Mr. Withrow.

Mr. McINTIRE changed his vote from "nay" to "yea."

The result of the vote was announced as above recorded.

The SPEAKER. The question is on the passage of the bill.

Mr. KING of Utah: Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 250, nays 149, not voting 35 as follows:

[Roll No. 76]

## YEAS—250

Abbitt  
Abernethy  
Albert  
Alexander  
Alford  
Andersen, Minn.  
Anderson, Mont.  
Andrews  
Ashmore  
Aspinall  
Avery  
Ayres  
Bailey  
Baker  
Barden  
Barrett  
Bass, Tenn.  
Beckworth  
Bennett, Fla.  
Berry  
Blatnik  
Blitch  
Boggs  
Boland  
Bonner  
Bowles  
Boykin  
Brademas  
Bray  
Breeding  
Brewster  
Brock  
Brooks, Tex.  
Brown, Ga.  
Brown, Mo.  
Budge  
Burdick  
Burke, Mass.  
Burleson  
Byrne, Pa.  
Cannon  
Carnahan  
Carter  
Celler  
Chelf  
Chenoweth  
Coad  
Cohelan  
Colmer  
Cook  
Cooley  
Daddario  
Davis, Ga.  
Dawson  
Denton  
Dingell  
Dollinger  
Donohue  
Dorn, S.C.  
Dowdy  
Doyle  
Dulski  
Durham  
Edmondson  
Elliott  
Everett  
Evins  
Fallon  
Fascell  
Flood  
Flynn  
Flynt  
Folgy  
Forand  
Forrester  
Fountain  
Frazier  
Friedel  
Gary  
Gathings  
George  
Gialmo  
Granahan  
Grant  
Green, Pa.

Adair  
Addonizio  
Alger  
Allen  
Arends  
Ashley  
Auchincloss  
Baldwin  
Barr  
Barry  
Bates  
Baumhart  
Becker  
Belcher  
Bennett, Mich.  
Bentley  
Betts  
Bolton  
Bosch  
Bow  
Boyle  
Broomfield  
Brown, Ohio  
Bushman  
Byrnes, Wls.  
Cahill  
Cederberg  
Chamberlain  
Chilperfield  
Church  
Clark  
Coffin  
Collier  
Conte  
Corbett  
Cramer  
Cunningham  
Curtin  
Curtis, Mass.  
Curtis, Mo.  
Dague  
Daniels  
Delaney  
Dent  
Derounian  
Derwinski  
Devine  
Diggs  
Dixon  
Dooley  
Dorn, N.Y.  
Dwyer  
Farbsteln  
Felghan  
Fenton  
Flno  
Fogarty  
Ford  
Frellinghuysen  
Fulton  
Gallagher  
Gavin  
Goodell  
Green, Oreg.  
Griffin  
Griffiths  
Halleck  
Halpern  
Henderson  
Hess  
Hiestand  
Hoeven  
Hoffman, Ill.  
Holt  
Holtzman  
Hosmer  
Irwin  
Jackson  
Johansen  
Keith  
Kelly  
Kilburn  
King, Utah  
Knox  
Lafore  
Laird  
Latta  
Lindsay  
Lipscomb  
McDonough  
McDowell  
Macdonald  
Machrowicz  
Mack, Wash.  
Madden  
Martin  
Mason  
Meador  
Merrow

## NAYS—149

Meyer  
Miller, N.Y.  
Milliken  
Minshall  
Moeller  
Mumma  
Norblad  
Osmers  
Ostertag  
Pelly  
Pillion  
Pirnie  
Powell  
Prokop  
Quigley  
Ray  
Rhodes, Ariz.  
Rhodes, Pa.  
Riehlman  
Robison  
Rodino  
Rogers, Mass.  
Rooney  
Roush  
St. George  
Saylor  
Schenck  
Scherer  
Schwengel  
Simpson, Ill.  
Smith, Calif.  
Sullivan  
Taber  
Taylor  
Thompson, N.J.  
Utt  
Vanik  
Van Zandt  
Wainwright  
Wallhauser  
Weis  
Westland  
Wharton  
Widnall  
Willson  
Yates  
Younger  
Zablocki  
Zelenko

So the bill was passed.

The Clerk announced the following pairs:

On this vote:

Mr. Reece of Tennessee for, with Mr. Baring against.  
Mr. Preston for, with Mr. Gubser against.  
Mr. Garmatz for, with Mr. Simpson of Pennsylvania against.  
Mr. Anfuso for, with Mr. Kearns against.  
Mr. Buckley for, with Mr. Glenn against.  
Mr. Loser for, with Mr. Tollefson against.

Until further notice:

Mr. Casey with Mr. Broyhill.  
Mr. Healey with Mr. Canfield.  
Mr. Rogers of Texas with Mr. Hoffman of Michigan.  
Mr. Wolf with Mr. Withrow.

Mr. DAWSON changed his vote from "nay" to "yea."

Mr. SCHERER, Mr. LATTA, Mr. PIRNIE, and Mr. HOEMER changed their vote from "yea" to "nay."

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

## AMENDING MUTUAL SECURITY ACT OF 1954

Mr. O'NEILL, from the Committee on Rules, reported the following privileged resolution (H. Res. 293, Rept. No. 526), which was referred to the House Calendar and ordered to be printed:

*Resolved*, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 7500) to amend further the Mutual Security Act of 1954, as amended, and for other purposes; and all points of order against said bill are hereby waived. After general debate, which shall be confined to the bill and continue not to exceed 4 hours, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Foreign Affairs, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

## PROVIDING FOR ABSENCE FROM DUTY BY CIVILIAN OFFICERS AND EMPLOYEES OF THE GOVERNMENT ON CERTAIN DAYS

Mr. MADDEN, from the Committee on Rules, offered the following privileged resolution (H. Res. 294, Rept. No. 527), which was referred to the House Calendar and ordered to be printed:

*Resolved*, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee







# Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF  
BUDGET AND FINANCE

(For Department  
Staff Only)

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For actions of June 12, 1959  
86th-1st, No. 97

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HIGHLIGHTS: House passed wheat bill. Conferees were appointed in both Houses. Senate concurred in House amendment to tobacco price support bill. House received conference report on Interior appropriation bill (includes FS). Senate passed bill to extend authority for refinancing farm loans. Senate passed over bill to provide for centennial celebration of establishment of USDA and land-grant colleges. Sens. Johnston and Neuberger and Rep. Morrison introduced and Sen. Johnston discussed Federal employee health bill.

## SENATE

1. TOBACCO. Concurred in the House amendment to S. 1901, which provides that tobacco price supports shall be 90% of parity computed under the new or old formula, whichever is lower (pp. 9583-4). This bill will now be sent to the President. The House amendment limited to \$50,000 the total amount of CCC loans or purchases made to any person on the 1960 production of tobacco.

2. WHEAT. Sen. Humphrey commended the action of the House in passing S. 1968, the wheat bill, and expressed hope that Senate conferees will agree with the House action. pp. 9634-5

Sen. Proxmire inserted a newspaper article, "The State of Congress," commenting on the status of legislation, including the lack of agreement "on a wheat program, let alone a basic change in the disastrous farm program generally." p. 9576



3. ALASKA. Agreed to the House amendment to H. R. 7120, to amend certain laws of the U. S. in light of the admission of Alaska into the Union (p. 9575). This bill will now be sent to the President.
4. FARM LOANS. Passed without amendment S. 1941, to amend Sec. 17 of the Bankhead-Jones Farm Tenant Act so as to continue the authority of FHA to make real estate loans for refinancing farm debts for two years, until June 30, 1961. p. 9589
5. WATER UTILIZATION. Passed without amendment H. R. 1306, to amend the Columbia Basin Project Act so as to permit delivery of water for use by Washington State College for research purposes (pp. 9584-5). This bill will now be sent to the President.
6. POSTAL RATES. Passed without amendment H. R. 5212, to revise the minimum charge on pieces of mail of odd sizes and shapes (p. 9587). This bill will now be sent to the President.
7. ARCHEOLOGICAL DATA. Passed without amendment S. 1185, to provide for the preservation of historical and archeological data which might otherwise be lost as a result of the construction of a dam. p. 9592
8. CENTENNIAL CELEBRATION. Passed over, at the request of Sen. Engle, H. R. 4012, to provide for the centennial celebration of the establishment of the Department of Agriculture and the land-grant colleges and State universities. p. 9587  
Sen. Wiley urged passage of this bill and inserted a statement on the purpose of the centennial observances. pp. 9577-8
9. MILITARY CONSTRUCTION. Passed over, at the request of Sen. Engle, H. R. 5674, to authorize construction at military installations, including the use of foreign currencies under Public Law 480 for foreign military housing. p. 9584
10. REORGANIZATION PLANS. Passed over, at the request of Sen. Engle, H. R. 5140, to amend the Reorganization Act of 1949 so as to extend the time in which the Act will apply to reorganization plans transmitted to Congress at any time before June 1, 1961. p. 9588
11. RESEARCH. Passed over, at the request of Sen. Engle, S. 864, to provide greater protection against the introduction and dissemination of diseases of livestock and poultry. p. 9589
12. FARM CREDIT. Passed over, at the request of Sen. Engle, S. 1513, to clarify the status of the Federal land banks, the Federal intermediate credit banks, and the banks for cooperatives and their officers and employees with respect to certain laws applicable to officers and employees of the U. S.; and S. 1512 to amend the Federal Farm Loan Act to transfer responsibility for making appraisals from the Farm Credit Administration to the Federal land banks. p. 9589
13. APPROPRIATIONS. Passed over, at the request of Sen. Engle, S. 2094, to authorize appropriations for the Atomic Energy Commission. p. 9592
14. LAND. Passed as reported S. 1521, to provide for the removal of restrictions on use with respect to a tract of land in Cumberland Co., Tenn., formerly under the jurisdiction of FHA, which was conveyed to Tenn. pp. 9596



to our benevolent purposes and our sometimes overpat practical solutions for the world's woes. Most of us belong to the revolutionary people, like the Irish, or the warmblooded races, like the Latin, and so we tend to sign up fairly rapidly in any crusades—crusades for economic, political and related changes designed to solve by a speech or two, or a campaign or two, or an election or two, or a war or two, the entrenched problems and accumulated evils of several centuries. We tend to take personal offense at the inertia of the world in the face of our inspiring convictions. This is particularly true when we are confronted by exasperating rejection of or dalliance with the corollaries of a creed which we know to be divinely revealed and to echo God's will for mankind, but which sometimes has rough going against the indifference and the inertia of unregenerate mankind.

Here we do well to have a little bit of God's patience, to offset our generous share of God's wrath. A little patience in the face of what we cannot change, at least alone and overnight, will be helped by reflection on the persevering patience of the church across the centuries, and the silent patience of God in the face of evil, our own included. So too some lines of Coventry Patmore may help a bit:

"Here in this little bay, full of tumultous life and great repose,  
Where twice a day the purposeless glad ocean comes and goes,  
In the high cliffs and far from the huge town I sit me down.

"For want of me the world's course will not fail,  
When all its work is done the lies shall rot,  
The truth is great and shall prevail  
When none cares whether it prevail or not."

I merely ask you to develop a little imagination and, together with it, a little humility.

The golden jubilee of those who today receive their degrees will take place, if all goes well, in June 2009. It is too soon to know on which of the planets the class outing will be held. But the odds still favor this earth and even, though less certainly, this continent. These odds have been challenged, however, in recent months. They were challenged by a trip into space successfully accomplished within the fortnight by two monkeys, one named Able and the other named Baker. They were also challenged, and a little more definitely so, by a trip into space by a dog from Russia named Laiki. Both the monkeys, I am happy to say, were Americans. These three historic creatures have as I have suggested already greatly influenced the golden jubilee plans for the year 2009. These same creatures and all the developments of which they are symbols make it pertinent for you to develop a little imagination and a little humility as we face the future.

The new age of Science, using telescopes instead of microscopes and gazing out into God's clear space, instead of down into mind's murky psychological depths as the recent scientists have tended to do, will let fresh air into scientific, political, economic, academic thinking of every kind in the half century in which you will do your work. In such era it will be easy for the spirit moving where it will to evoke more ready response. An age of astronomy, the prospect of interplanetary studies and even journeys, these are far removed from the introspective broodings and the negative agnosticism which were the frequent but unnecessary by-products of the 19th century scientists. The directions of the age in which you will live will be quite literally toward the heavens, and once again those with a little patience, a little humor, a little leisure for reflection and repose and meditation, a little

impatience with the status quo, a little humility and a little imagination will understand better than have generations what the Hebrew Psalmist meant when he wrote:

"I look up at those heavens of Thine, the work of Thy hands, at the moon and the stars which Thou hast set in their places, and I ask, 'What is man that Thou shouldst remember him; what is Adam's breed that it should claim Thy care? And yet Thou hast placed him only a little below the angels, crowning him with glory and honor and bidding him rule over the works of Thy hand'."

Georgetown has prepared you to do some part of that ruling, with a little luck and a little prayer and a little reflection on your gratitude to the university and those who made possible your attendance at it, and the God who is able to make great things out of little virtues.

God bless you.

#### CONFERRING OF DEGREE OF DOCTOR OF HUMANE LETTERS UPON SENATOR GREEN, OF RHODE ISLAND

Mr. O'MAHONEY. Mr. President, the University of Georgetown at its commencement exercises on June 8, the 160th annual commencement of that great university at Georgetown, and within the area of the seat of the government of the United States, honored itself by honoring our beloved colleague, Senator THEODORE FRANCIS GREEN, of Rhode Island.

The Senator from Rhode Island, as everybody knows, is a man of advanced years, but no Member of the Senate, and I am sure no Member of the other House of Congress, has ever seen a man carry the burden of more than 90 years so lightly as does the Senator from Rhode Island.

The ability, the knowledge, the skill of the senior Senator from Rhode Island are known to us all. I felt it would be appropriate if I should seek the opportunity in the Senate, which has now been granted to me, to read into the Record the citation which was given by the president of Georgetown University, Father Edward B. Bunn, J.J., when he conferred the honorary degree of Doctor of humane letters upon our colleague. I read the citation:

*To All Who Shall View This Document, Greetings and Peace in the Lord:*

Men have ever deemed worthy of deep respect and deserving of peculiar honor those who by Heaven's favor have passed nine fruitful decades in the service of their compatriots and of all humanity. For it is but right to accord to all who excel the due reward of excellence. Respect is always deepened and regard rises to affection when in the prudent counselor, the energetic executive, the sincere patriot, his associates and fellow citizens see a man accessible to all, gentle and kind, loyal to his friends, ever desiring and effectively promoting the interests of his fellow men.

The statesman whom our university is delighted to honor at this commencement continued a long family tradition when he turned early to the practice of law. From court and academic hall he was called to a soldier's duties in the Spanish-American War. Once more, and for the many years to follow, the practice of law offered scope to outstanding talent and crowned tireless effort with conspicuous success. His fellow citizens of Rhode Island shared the fruits of a lengthening experience when they chose him

as their representative in the State legislature, when they drew upon his counsel and inspiration during the trying days of World War I, when they twice elected him as Governor of their State. In this office he effectively supported measures designed to alleviate suffering and ameliorate conditions in a particularly trying period. From the highest office of his native State he was called, and called four times over, to the Senate of the United States. By his sponsorship and support of programs of social legislation and adequate national defense, and in particular by his untiring activity as member—and as chairman of the Senate Committee on Foreign Relations, he has for over twoscore years served his country well, at home and abroad. By his travels to several continents and his mastery of several languages he has advanced the causes of international amity and world peace.

It is, then, with the earnest desire that he see many more years of service, that he gather in ever more abundant measure the fine fruits of a full life, and that he remain for his juniors a shining example of unremitting toil, steadfast purpose, and unswerving principles, that the president and directors of Georgetown University create and proclaim THEODORE FRANCIS GREEN, doctor of humane letters, honoris causa.

In testimony whereof we have duly issued these letters under our hand and the seal of the university this 8th day of June 1959.

EDWARD B. BUNN, S.J.,

President.

JOSEPH A. SELLINGER, S.J.,

Secretary.

#### AMENDMENT OF AGRICULTURE ACT OF 1949, TO STABILIZE SUPPORT FOR TOBACCO

The PRESIDING OFFICER (Mr. PROXMIRE in the chair) laid before the Senate the amendments of the House of Representatives to the bill (S. 1901) to amend section 101(c) of the Agricultural Act of 1949 and the act of July 28, 1945, to stabilize and protect the level of support for tobacco, which were, on page 2, lines 14 and 15, strike out "And provided further," and insert "Provided further," and on page 2, line 22, after "used" insert:

*And provided further,* That no part of this authorization shall be used to formulate or carry out a price support program for 1960 under which a total amount of price support in excess of \$50,000 would be extended through loans or purchases made or made available by Commodity Credit Corporation to any person in the 1960 production of tobacco. For the purposes of this proviso, the term "person" shall mean an individual, partnership, firm, joint-stock company, corporation, association, trust, estate, or other legal entity, or a State, political subdivision of a State, or any agency thereof. In the case of any loan to, or purchase from, a cooperative marketing organization, such limitation shall not apply to the amount of price support received by the cooperative marketing organization, but the amount of price support made available to any person through such cooperative marketing organization shall be included in determining the amount of price support received by such person for purposes of such limitation. Such limitation shall not apply to price support on tobacco extended by purchases of tobacco from, or by loans on tobacco to, persons other than the producers of tobacco if the Secretary of Agriculture determines that it is impracticable to apply such limitation. The Secretary of Agriculture shall issue regulations prescribing such rules as he determines necessary to prevent the evasion of such limitation.



Mr. JORDAN. Mr. President, S. 1901, the Tobacco Act, which was passed by the Senate and sent to the House of Representatives, was passed by the House of Representatives with a slight amendment or two. There is a limit of \$50,000 on loans to one farmer.

Mr. President, I move that the Senate concur in the amendments of the House.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from North Carolina.

The motion as agreed to.

#### CALL OF THE CALENDAR

The PRESIDING OFFICER. Is there further morning business?

Mr. JOHNSON of Texas. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Is there further morning business? If not, morning business is closed.

Under the order previously entered, the Senate will proceed to the consideration of measures on the calendar to which there is no objection, beginning with Calendar No. 265. The clerk will state the first measure.

#### SALE OF CERTAIN LANDS TO THE STATE OF MISSOURI

The bill (S. 692) to authorize the sale of certain lands to the State of Missouri was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Secretary of the Army is hereby authorized to convey by quitclaim deed to the State of Missouri, for public park and recreational purposes only, such areas within the portion of Table Rock Dam and Reservoir project, Missouri, presently leased to said State for public park and recreational purposes, as he shall deem essential to provide building sites for permanent buildings and other improvements for public park and recreational purposes, but not to exceed fifty acres, at fair value as determined by him, which in no event shall be less than the cost to the Government of acquiring such areas, and under such terms and conditions as he shall deem advisable to assure that the use of said areas by the State will not interfere with the operation of said dam and reservoir project and such additional terms and conditions as he shall deem advisable in the public interest.*

The conveyance authorized by this Act shall not pass any right, title, or interest in oil, gas, fissionable materials, or other minerals.

In the event actual construction of the said buildings and improvements has not commenced within five years from the effective date of this Act, or in the event said property shall cease to be used for public park and recreational purposes for a period of two successive years, then title thereto shall immediately revert to the United States.

#### BILL PASSED OVER

The bill (H.R. 5674) to authorize certain construction at military installations, and for other purposes, was announced as next in order.

Mr. ENGLE. Mr. President, I ask that the bill go over, since it is not properly calendar business.

The PRESIDING OFFICER. The bill will be passed over.

#### LAURIE DEA HOLLEY AND KARMEN LAEL HOLLEY

The bill (S. 218) for the relief of Laurie Dea Holley and the legal guardian of Karmen Lael Holley, minor child, was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Secretary of the Treasury is authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to Laurie Dea Holley of Cannonville, Utah, the sum of \$5,000 and to the legal guardian of Karmen Lael Holley, minor child, \$20,000, in full satisfaction, except as provided in section 2 of this Act, of their claim against the United States for the death of their husband and father, Elmer Leroy Holley, who was fatally injured in an accident which occurred on November 29, 1953, while he was engaged in the performance of his duties as an employee of the United States Senate Post Office.*

SEC. 2. This Act or any payment made in accordance with its provisions shall not have the effect of destroying or changing any rights to compensation under the provisions of the Federal Employees' Compensation Act resulting from such death.

SEC. 3. No part of the amount appropriated in this Act shall be paid or delivered to or received by any agent or attorney on account of services rendered in connection with this claim, and the same shall be unlawful, any contract to the contrary notwithstanding. Any person violating the provisions of this section shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding \$1,000.

#### RESOLUTIONS PASSED OVER

The resolution (S. Res. 115) to authorize studies as to the effectiveness of present governmental organization and procedures for the development and execution of national policy for survival in the contest with world communism, was announced as next in order.

Mr. ENGLE. Mr. President, I ask that the resolution go over, as not properly calendar business.

The PRESIDING OFFICER. The resolution will be passed over.

The joint resolution (S.J. Res. 69) proposing an amendment to the Constitution the United States relative to the equal rights for men and women, was announced as next in order.

Mr. ENGLE. Mr. President, I ask that the joint resolution go over as not properly calendar business.

The PRESIDING OFFICER. The joint resolution will be passed over.

#### FURNISHING OF SUPPLIES AND SERVICES TO FOREIGN VESSELS AND AIRCRAFT

The bill (H.R. 3292) to amend title 10, United States Code, to authorize the Secretary of the Navy to furnish supplies and services to foreign vessels and aircraft, and for other purposes was considered, ordered to a third reading, read the third time, and passed.

#### LOANS OF NAVAL VESSELS TO THE GOVERNMENTS OF ITALY, TURKEY, AND THE REPUBLIC OF CHINA

The bill (H.R. 3366) to authorize the extension of loans of naval vessels to the Governments of Italy, Turkey, and the Republic of China was considered, ordered to a third reading, read the third time, and passed.

#### SALE OF COLUMBIA BASIN PROJECT LANDS TO STATE OF WASHINGTON

The bill (H.R. 1306) to provide for the sale of Columbia Basin project lands to the State of Washington, and for other purposes was considered, ordered to a third reading, read the third time, and passed.

Mr. MORSE subsequently said: Mr. President, I deeply regret that I was not present in the Chamber when the call of the calendar was started. I was in attendance on other official business. Calendar No. 296, House bill 1306, was passed before I reached the Chamber.

Only for the purpose of legislative record I should like to engage in colloquy with the Senator from Washington [Mr. JACKSON] in regard to House bill 1306, a bill to provide for the sale of Columbia Basin project lands to the State of Washington, and for other purposes.

The bill would authorize the sale of not more than 640 acres of irrigable land on the Columbia Basin project to the State of Washington for use by the State College of Washington for agricultural research purposes. It provides that the land so conveyed shall be treated as non-excess lands, under the Columbia Basin Project Act, insofar as deliveries of water from project works are concerned, so long as they are used for the purposes designated in the bill, namely, agricultural research.

Mr. HOLLAND. Mr. President, may we have order?

The PRESIDING OFFICER (Mr. PROXMIER in the chair). The Senate will be in order. The Senator from Oregon will suspend until the Senate is in order.

Mr. MORSE. Under the Columbia Basin Project Act, the limitation on the acreage to which water may lawfully be delivered through a reclamation project is applicable to State-owned lands as well as private land. In the absence of this proposed amendment water could be delivered to no more than 160 acres of State-owned land.

It is my feeling that the acreage limitation provision of our Federal reclamation laws was not designed to be ap-







# Digest of CONGRESSIONAL PROCEEDINGS

OFFICE OF  
BUDGET AND FINANCE

(For Department  
Staff Only)

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

Issued June 26, 1959

For actions of June 25, 1959

86th-1st, No. 106

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HIGHLIGHTS: Senate received vetoes of wheat and tobacco bills. Sen. Cooper criticized veto of tobacco bill. Senate passed bill to increase public debt limit. Sen. Morton introduced and discussed tobacco price support bill.

## SENATE

1. ~~WHEAT; TOBACCO; PRICE SUPPORTS.~~ Received from the President veto messages on ~~S. 1968, the wheat bill (S. Doc. 33), and S. 1901, the tobacco bill (S. Doc. 32 p. 10876~~

Sen. Cooper criticized the veto of the tobacco bill and stated that he would consult with representatives of the "tobacco States in Congress" and others "before I make a decision as to the course of action we shall now take." Sen. Talmadge commended Sen. Cooper's statement. pp. 10820-21.

2. PUBLIC DEBT. Passed without amendment H. R. 7749, to increase the permanent ceiling on the public debt from \$283 billion to \$285 billion, and to increase the temporary ceiling from \$288 billion to \$295 billion (pp. 10811-13, 10878-9). The bill had been reported earlier in the day without amendment by the Finance Committee (S. Rept. 432) p. 10774. This bill will now be sent to the President.

3. AGRICULTURAL APPROPRIATION BILL, 1960. The "Daily Digest" states that conferees "continued, in executive session, to resolve the differences between the Senate- and House-passed versions of H. R. 7175, fiscal 1960 appropriations for the Department of Agriculture, and related agencies, but did not conclude their work, and will meet again tomorrow." p. D532



4. **MUTUAL SECURITY.** As reported by the Foreign Relations Committee, S. 1451, to extend the mutual security program, includes provisions as follows: Requires that at least \$175,000,000 (same amount as in last year's Act) of mutual security funds be used to finance the export and sale for foreign currencies of surplus agricultural commodities; authorizes \$2,300,000 (last year's appropriation was \$2,100,000) for ocean freight to move supplies donated to and by American voluntary agencies; and authorizes \$179,500,000 for technical cooperation programs.

With regard to local currencies obtained from the sale of surplus commodities under Public Law 480, the committee report states:

"The committee is becoming increasingly concerned over the problems posed, both immediately and over the long term, by U. S. accumulation of large amounts of foreign currencies.\*\*\*

"The committee hopes the executive branch will continue its studies of this subject and submit specific recommendations for congressional action. In the meantime the committee takes this opportunity to record its view that rather too restricted use has been made of the authority of the President under section 104 of Public Law 480 to waive the requirement of appropriations in the case of foreign currencies used for economic development grants.\*\*\*

"Inability to utilize currencies in turn inhibits further sales under Public Law 480.\*\*\*

"All countries in which there are large accumulations of Public Law 480 currencies have great needs for investment in projects such as roads, schools, and health facilities. Although the emphasis of the program should continue to be on loans, the committee feels that the Presidential waiver authority should be used more liberally to make grants."

5. **FOREIGN TRADE.** Received from the President message transmitting the third annual report on the operation of the trade agreements program (S. Doc. 31). p. 10773
6. **BUDGET.** Sen. Byrd, Va., inserted a resolution from the Controllers Institute of America urging adherence to a balanced budget in 1960 and in future years of normal economic activity. p. 10774
7. **FOOD FOR PEACE.** Sen. Fulbright stated that the Senate Foreign Relations Committee will hold hearings on S. 1711, the food for peace bill, on July 7 and 8. p. 10777
8. **FEDERAL-STATE RELATIONS.** Sen. Dodd criticized H. R. 3, to establish rules of interpretation concerning the effect of acts of Congress on State laws, as passed by the House, as leading to "chaos in the field of Federal-State relationships," and stated that it is a "one-shot attempt to rewrite a century and a half of history." p. 10783
9. **FOREIGN CURRENCIES.** The Armed Services Committee reported an original Bill S. 2280, to authorize construction at military installations, including the use of foreign currencies under Public Law 480 for foreign military housing construction (S. Rept. 434). p. 10883
- A similar bill, H. R. 5674, was made the unfinished business for consideration Mon., June 29. p. 10879

AMENDMENT OF AGRICULTURAL ACT OF 1949 TO STA-  
BILIZE AND PROTECT THE LEVEL OF SUPPORT FOR  
TOBACCO—VETO MESSAGE

---

M E S S A G E

FROM

THE PRESIDENT OF THE UNITED STATES

RETURNING

WITHOUT APPROVAL THE BILL (S. 1901) ENTITLED "AN ACT TO  
AMEND SECTION 101(c) OF THE AGRICULTURAL ACT OF 1949  
AND THE ACT OF JULY 28, 1945, TO STABILIZE AND PROTECT  
THE LEVEL OF SUPPORT FOR TOBACCO"

---

JUNE 25, 1959.—Ordered to lie on the table and to be printed

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To the Senate:

I return herewith, without my approval, S. 1901, an act to amend section 101(c) of the Agricultural Act of 1949 and the act of July 28, 1945, to stabilize and protect the level of support for tobacco. This bill fails by a wide margin to do what should be done if the best long-term interest of the Nation's tobacco farmers is to be safeguarded.

The bill's merits are few. For the first time in many years tobacco prices would be supported at less than 90 percent of parity—in the first year, for example, at 88 percent for Flue-cured tobacco and at 87 percent for burley. Supporting tobacco prices as provided in S. 1901, rather than at 90 percent of parity under a continuation of present law, would result in a saving to the U.S. Government in the first year of \$14 million.

The bill's demerits, however, are fundamental and far reaching. The bill takes a long step backward by resurrecting 90 percent of "old parity" as one basis for determining the support level for tobacco. The Congress itself discarded the "old parity" formula years ago. Because the bill actually can result in the support level being set at



90 percent of "old parity," the American tobacco farmer in such circumstances could very easily be misled into believing he would receive 90 percent of parity, as parity is computed for all other commodities.

But more importantly, I cannot approve a bill that holds out hope to the tobacco farmer that it will help him solve his problems, when such is not the case. U.S. growers of many types of tobacco are heavily dependent upon exports. Yet we have been fast losing our fair share of foreign markets. The deterioration in our tobacco sales abroad can be directly attributed to the high level of price supports that are required by existing law. And while prices have been supported at these high levels, and would continue to be under this bill, the law has required severe cuts in tobacco acreage in the United States at a time when acreage and production abroad have been expanding. The best that can be said about S. 1901 is that it might slow down the rate at which we are losing our fair share of foreign markets. It would not prevent further losses. It certainly will not regain any lost markets, because the level of price supports it requires would still be too high.

I believe the bill's demerits far outweigh its merits, and accordingly I am returning it without my approval.

The Congress has a pressing responsibility to enact realistic legislation designed to meet the problems of tobacco farmers—legislation such as that recommended in my special message of January 29, 1959.

DWIGHT D. EISENHOWER.

THE WHITE HOUSE, June 25, 1959.

#### S. 1901

EIGHTY-SIXTH CONGRESS OF THE UNITED STATES OF AMERICA AT THE FIRST SESSION, BEGUN AND HELD AT THE CITY OF WASHINGTON ON WEDNESDAY, THE SEVENTH DAY OF JANUARY, ONE THOUSAND NINE HUNDRED AND FIFTY-NINE

AN ACT To amend section 101(c) of the Agricultural Act of 1949 and the Act of July 28, 1945, to stabilize and protect the level of support for tobacco

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That section 101(c) of the Agricultural Act of 1949 is amended by deleting the period at the end thereof and adding a colon and the following: "Provided, That for any kind of tobacco (other than Connecticut Valley cigar binder types 51 and 52) for which marketing quotas were in effect for the 1958 crop, the level of support computed in dollars and cents for each subsequent crop of such tobacco for which marketing quotas are in effect shall not exceed the level of support computed in dollars and cents applicable to the 1958 crop until 90 per centum of the parity price as of the beginning of the marketing year for a subsequent crop computed in the manner used prior to the enactment of the Agricultural Act of 1949 exceeds the level of support applicable to the 1958 crop or 90 per centum of the parity price computed as provided in the Agricultural Adjustment Act of 1938, as amended, whereupon the level of support for such subsequent crop and each crop thereafter shall be 90 per centum of the parity price as of the beginning of the marketing year computed in the manner used prior to the enactment of the Agricultural Act of 1949, or computed as provided in the Agricultural Adjustment Act of 1938, as amended, whichever computation results in the lower level of support: *Provided further,* That in computing parity in the manner used prior to the enactment of the Agricultural Act of 1949, the parity index as defined in section 301(a)(1)(C) of the Agricultural Adjustment Act of 1938, as amended, shall be used except that in lieu of the period January 1910 to December 1914, inclusive, the base period applicable to the kind of tobacco prior to the enactment of the Agricultural Act of 1949 shall be used: *And provided further,* That no part of this authorization shall be used to formu-

late or carry out a price support program for 1960 under which a total amount of price support in excess of \$50,000 would be extended through loans or purchases made or made available by Commodity Credit Corporation to any person on the 1960 production of tobacco. For the purposes of this proviso, the term 'person' shall mean an individual, partnership, firm, joint-stock company, corporation, association, trust, estate, or other legal entity, or a State, political subdivision of a State, or any agency thereof. In the case of any loan to, or purchase from, a cooperative marketing organization, such limitation shall not apply to the amount of price support received by the cooperative marketing organization, but the amount of price support made available to any person through such cooperative marketing organization shall be included in determining the amount of price support received by such person for purposes of such limitation. Such limitation shall not apply to price support on tobacco extended by purchases of tobacco from, or by loans on tobacco to, persons other than the producers of tobacco if the Secretary of Agriculture determines that it is impracticable to apply such limitation. The Secretary of Agriculture shall issue regulations prescribing such rules as he determines necessary to prevent the evasion of such limitation."

SEC. 2. Section 2 of the Act of July 28, 1945, as amended (59 Stat. 506; 7 U.S.C. 1312 note), is amended by deleting the proviso at the end thereof and substituting therefor a new proviso reading as follows: "*Provided*, That beginning with the 1959 crop, the level of support for each such kind of tobacco shall not exceed a maximum level of support determined therefor pursuant to the provisos in section 101(c) of the Agricultural Act of 1949 as amended."

SAM RAYBURN,  
*Speaker of the House of Representatives.*

CARL HAYDEN,  
*President of the Senate pro tempore.*

[Endorsement on back of bill:]

I certify that this Act originated in the Senate.

FELTON M. JOHNSTON, *Secretary.*







The Senator from South Dakota [Mr. CASE], and the Senator from Vermont [Mr. PROUTY] are absent on official business of the Committee on Public Works, attending the opening ceremonies of the St. Lawrence Seaway.

The Senator from Idaho [Mr. DWORSHAK] is absent on official business.

The Senator from Wisconsin [Mr. WILEY] is detained on official business.

On this vote, the Senator from Indiana [Mr. CAPEHART] is paired with the Senator from Alaska [Mr. GRUENING].

If present and voting, the Senator from Indiana would vote "nay," and the Senator from Alaska would vote "yea."

The result was announced—yeas 32, nays 47, as follows:

## YEAS—32

Anderson	Hart	Magnuson
Bartlett	Hartke	Mansfield
Byrd, W. Va.	Hayden	Monroney
Cannon	Hennings	Moss
Carroll	Jackson	Randolph
Clark	Johnston, S.C.	Sparkman
Dodd	Jordan	Symington
Eastland	Kefauver	Williams, N.J.
Engle	Kerr	Yarborough
Ervin	Long	Young, Ohio
Gore	McCarthy	

## NAYS—47

Allott	Fulbright	Neuberger
Beall	Goldwater	Pastore
Bennett	Hickenlooper	Proxmire
Bible	Hill	Robertson
Bridges	Hruska	Russell
Bush	Javits	Saltonstall
Butler	Johnson, Tex.	Schoeppel
Byrd, Va.	Keating	Scott
Case, N.J.	Kennedy	Smathers
Cooper	Kuchel	Smith
Cotton	Langer	Stennis
Curtis	Lausche	Talmadge
Dirksen	McClellan	Thurmond
Douglas	Martin	Williams, Del.
Ellender	Morton	Young, N. Dak.
Frear	Mundt	

## NOT VOTING—19

Aiken	Green	Murray
Capehart	Gruening	Muskie
Carlson	Holland	O'Mahoney
Case, S. Dak.	Humphrey	Prouty
Chavez	McGee	Wiley
Church	McNamara	
Dworshak	Morse	

So Mr. GORE's amendment, as modified, was rejected.

Mr. DIRKSEN. Mr. President, I move to reconsider the vote by which the Gore amendment, as modified, was rejected.

Mr. JOHNSON of Texas. Mr. President, I move to lay that motion on the table.

The motion to reconsider was laid on the table.

The PRESIDING OFFICER. The bill is open to further amendment.

Mr. HART. Mr. President, I offer the amendment which I send to the desk and ask to have stated.

The PRESIDING OFFICER. The amendment offered by the Senator from Michigan will be stated.

The LEGISLATIVE CLERK. On page 2, it is proposed to strike out line 15 and insert the following:

"(1) section 4061(b) (relating to automobile parts and accessories);".

On page 3, it is proposed to strike out lines 16 through 23.

Mr. HART. Mr. President, the effect of this amendment would be to remove the 3-percent excise tax on automobiles which was imposed at the time of the Korean war. It would not affect the basic 7-percent excise applicable on cars.

How much is involved? About \$390 million. I announced my intention, on behalf of myself and the senior Senator from Michigan [Mr. McNAMARA], to offer this amendment at the time we agreed to remove in its entirety the excise tax on passenger tickets. I offer it now for the same reasons as those which motivated the Senate in agreeing to the removal of the excise on passenger transportation.

I believe that the debate at that time covers the reasons for my amendment. We are not asking for the removal of the entire excise tax on automobiles. We are asking only that the 3-percent Korean excise tax be removed.

I shall not ask for a yea-and-nay vote. I hope that Senators who feel as I do are in strong voice.

The PRESIDING OFFICER. Does the Senator from Virginia desire to use any time?

Mr. BYRD of Virginia. Mr. President, I must oppose the amendment. I hope it will be defeated.

The PRESIDING OFFICER. Do both Senators yield back their time?

Mr. BYRD of Virginia. Mr. President, I yield back the remainder of my time.

Mr. HART. Mr. President, I yield back the remainder of my time.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Michigan [Mr. HART]. [Putting the question.]

Mr. HART. Mr. President, I ask for a division.

On a division the amendment was rejected.

The PRESIDING OFFICER. The bill is open to further amendment. If there be no further amendment to be proposed, the question is on the engrossment of the amendment and the third reading of the bill.

The amendments were ordered to be engrossed, and the bill to be read a third time.

The bill was read the third time.

Mr. JOHNSON of Texas. Mr. President, I yield back the remainder of my time, on condition that the minority leader does likewise.

Mr. DIRKSEN. Mr. President, I yield back the remainder of my time.

Mr. JOHNSON of Texas. Mr. President, I ask for the yeas and nays on final passage of the bill.

The yeas and nays were ordered.

The PRESIDING OFFICER. The bill having been read the third time, the question is, Shall it pass? On this question the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. MANSFIELD. I announce that the Senator from Wyoming [Mr. McGEE] and the Senator from Montana [Mr. MURRAY] are absent on official business.

The Senator from Idaho [Mr. CHURCH], the Senator from Rhode Island [Mr. GREEN], the Senator from Florida [Mr. HOLLAND], the Senator from Minnesota [Mr. HUMPHREY], the Senator from Oregon [Mr. MORSE], and the Senator from Maine [Mr. MUSKIE] are absent on official business as members of the U.S. delegation on parliamentary conferences in Canada.

The Senator from New Mexico [Mr. CHAVEZ], the Senator from Alaska [Mr. GRUENING], and the Senator from Michigan [Mr. McNAMARA] are absent on official business attending the opening ceremonies of the St. Lawrence Seaway.

The Senator from Wyoming [Mr. O'MAHONEY] is absent because of illness.

I further announce that if present and voting, the Senator from New Mexico [Mr. CHAVEZ], the Senator from Idaho [Mr. CHURCH], the Senator from Rhode Island [Mr. GREEN], the Senator from Alaska [Mr. GRUENING], the Senator from Florida [Mr. HOLLAND], the Senator from Minnesota [Mr. HUMPHREY], the Senator from Wyoming [Mr. McGEE], the Senator from Michigan [Mr. McNAMARA], the Senator from Oregon [Mr. MORSE], the Senator from Montana [Mr. MURRAY], the Senator from Maine [Mr. MUSKIE], and the Senator from Wyoming [Mr. O'MAHONEY] would each vote "yea."

Mr. KUCHEL. I announce that the Senator from Vermont [Mr. AIKEN], the Senator from Indiana [Mr. CAPEHART], and the Senator from Kansas [Mr. CARLSON] are absent on official business as members of the U.S. delegation to conferences in Canada.

The Senator from South Dakota [Mr. CASE] and the Senator from Vermont [Mr. PROUTY] are absent on official business of the Committee on Public Works, attending the opening ceremonies of the St. Lawrence Seaway.

The Senator from Idaho [Mr. DWORSHAK] is absent on official business.

The Senator from Wisconsin [Mr. WILEY] is detained on official business.

If present and voting, the Senator from Vermont [Mr. AIKEN], the Senator from Indiana [Mr. CAPEHART], the Senator from Kansas [Mr. CARLSON], the Senator from South Dakota [Mr. CASE], and the Senator from Vermont [Mr. PROUTY] would each vote "yea."

The result was announced—yeas 79, nays 0, as follows:

## YEAS—79

Allott	Goldwater	Monroney
Anderson	Gore	Morton
Bartlett	Hart	Moss
Beall	Hartke	Mundt
Bennett	Hayden	Neuberger
Bible	Hennings	Pastore
Bridges	Hickenlooper	Proxmire
Bush	Hill	Randolph
Butler	Hruska	Robertson
Byrd, Va.	Jackson	Russell
Byrd, W. Va.	Javits	Saltonstall
Cannon	Johnson, Tex.	Schoeppel
Carroll	Johnston, S.C.	Scott
Case, N.J.	Jordan	Smathers
Clark	Keating	Smith
Cooper	Kefauver	Sparkman
Cotton	Kennedy	Stennis
Curtis	Kerr	Symington
Dirksen	Kuchel	Talmadge
Dodd	Langer	Thurmond
Douglas	Lausche	Williams, N.J.
Eastland	Long	Williams, Del.
Ellender	McCarthy	Yarborough
Engle	McClellan	Young, N. Dak.
Ervin	Magnuson	Young, Ohio
Frear	Mansfield	
Fulbright	Martin	

## NAYS—0

## NOT VOTING—19

Aiken	Green	Murray
Capehart	Gruening	Muskie
Carlson	Holland	O'Mahoney
Case, S. Dak.	Humphrey	Prouty
Chavez	McGee	Wiley
Church	McNamara	
Dworshak	Morse	



So the bill (H.R. 7523) was passed.

The title was amended so as to read: "An act to provide a 1-year extension of the existing corporate normal-tax rate and of certain excise-tax rates, and for other purposes."

Mr. JOHNSON of Texas. Mr. President, I move to reconsider the vote by which the bill was passed.

Mr. KUCHEL. Mr. President, I move to lay that motion on the table.

The motion to reconsider was laid on the table.

Mr. BYRD of Virginia. Mr. President, I move that the Senate insist upon its amendments and request a conference with the House of Representatives thereon, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to, and the Presiding Officer appointed Mr. BYRD of Virginia, Mr. KERR, Mr. FREAR, Mr. LONG, Mr. WILLIAMS of Delaware, Mr. BENNETT, and Mr. BUTLER, conferees on the part of Senate.

Mr. BYRD of Virginia. Mr. President, I also ask that the bill be printed, showing the Senate amendments.

The PRESIDING OFFICER. Without objection, it is so ordered.

#### AUTHORIZATION FOR VICE PRESIDENT OR PRESIDENT PRO TEMPORE TO SIGN ENROLLED BILLS AND RESOLUTIONS DURING THE ADJOURNMENT OF THE SENATE

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that the Vice President or the President pro tempore be authorized to sign, during the adjournment following today's session, enrolled bills and joint resolutions duly passed by the two Houses and found truly enrolled, and that the Secretary be authorized to receive messages from the House.

The PRESIDING OFFICER. Without objection, it is so ordered.

#### VETO MESSAGES FROM THE PRESIDENT

Mr. JOHNSON of Texas. Mr. President, the President of the United States has transmitted to the Senate today two veto messages—one on S. 1901, the so-called tobacco bill, and the other on S. 1968, the wheat bill.

I ask unanimous consent that the messages be considered to have been read, and that, with the accompanying bills, they be ordered to lie on the table and be printed as documents.

#### AMENDMENT OF AGRICULTURAL ACT OF 1949, TO STABILIZE AND PROTECT THE LEVEL OF SUPPORT FOR TOBACCO—VETO MESSAGE (S. DOC. NO. 32)

The PRESIDING OFFICER laid before the Senate the following message from the President of the United States, which was read, and, with the accompanying bill, ordered to lie on the table, and to be printed:

#### To the Senate:

I return herewith without my approval S. 1901, "an act to amend section 101(c) of the Agricultural Act of 1949 and the act of July 28, 1945, to stabilize and protect the level of support for tobacco." This bill fails by a wide margin to do what should be done if the best long-term interest of the Nation's tobacco farmers is to be safeguarded.

The bill's merits are few. For the first time in many years tobacco prices would be supported at less than 90 percent of parity—in the first year, for example, at 88 percent for flue-cured tobacco and at 87 percent for burley. Supporting tobacco prices as provided in S. 1901, rather than at 90 percent of parity under a continuation of present law, would result in a saving to the U.S. Government in the first year of \$14 million.

The bill's demerits, however, are fundamental and far reaching. The bill takes a long step backward by resurrecting 90 percent of "old parity" as one basis for determining the support level for tobacco. The Congress itself discarded the "old parity" formula years ago. Because the bill actually can result in the support level being set at 90 percent of "old parity," the American tobacco farmer in such circumstances could very easily be misled into believing he would receive 90 percent of parity, as parity is computed for all other commodities.

But more importantly, I cannot approve a bill that holds out hope to the tobacco farmer that it will help him solve his problems, when such is not the case. U.S. growers of many types of tobacco are heavily dependent upon exports. Yet we have been fast losing our fair share of foreign markets. The deterioration in our tobacco sales abroad can be directly attributed to the high level of price supports that are required by existing law. And while prices have been supported at these high levels, and would continue to be under this bill, the law has required severe cuts in tobacco acreage in the United States at a time when acreage and production abroad have been expanding. The best that can be said about S. 1901 is that it might slow down the rate at which we are losing our fair share of foreign markets. It would not prevent further losses. It certainly will not regain any lost markets, because the level of price supports it requires would still be too high.

I believe the bill's demerits far outweigh its merits, and accordingly I am returning it without my approval.

The Congress has a pressing responsibility to enact realistic legislation designed to meet the problems of tobacco farmers—legislation such as that recommended in my special message of January 29, 1959.

DWIGHT D. EISENHOWER.

THE WHITE HOUSE, June 25, 1959.

#### STRENGTHENING OF WHEAT MARKETING QUOTA AND PRICE SUPPORT PROGRAM—VETO MESSAGE (S. DOC. NO. 33)

The PRESIDING OFFICER laid before the Senate the following message from

the President of the United States, which was read, and, with the accompanying bill, ordered to lie on the table, and to be printed:

#### To the Senate:

I am returning herewith, without my approval, S. 1968, a bill "to amend the Agricultural Act of 1949, as amended, the Agricultural Adjustment Act of 1938, as amended, and Public Law 74, 77th Congress, as amended."

This bill seeks to enact temporary wheat legislation. It would require wheat producers to reduce their acreage by 25 percent and at the same time would provide for increases in price supports on wheat to 90 percent of parity.

On May 15 when I approved the joint resolution for extending the date for announcing the 1960 wheat acreage allotments and marketing quotas I said:

It is my hope that these additional 2 weeks will be used by the Congress to enact realistic and constructive—not stopgap—wheat legislation.

The proposed legislation embodied in H.R. 7246 is stopgap. It is not realistic. It is not constructive. It goes backward instead of forward. It is not in the interest of the wheat farmers of America.

The bill disregards the facts of modern agriculture. The history of acreage control programs—particularly in the case of wheat—reveals that they just do not control production. Under acreage controls in the 1954–58 period, acreage was reduced by over 25 percent but at the same time yield per acre was increased by about 30 percent. The same situation would be likely to happen in 1960 and 1961. The poorest acres would be retired from production and all the modern technology would be poured onto the remainder.

Hence the bill would probably increase, and in any event would not substantially decrease, the cost of the present excessively expensive wheat program now running at approximately \$700 million a year.

In my January 29, 1959, special message on agriculture, I recommended that price supports be related to a percentage of the average market price during the immediately preceding years. In this message I also stated that if in spite of the tremendous increases in yields per acre the Congress still preferred to relate price support to existing standards then the Secretary should have discretion in establishing support levels in accordance with guidelines now in the law.

Contrary to the recommendations I made, this bill prescribes for a sick patient another dose of what caused his illness. The proposed return to the discredited high, rigid price supports would hasten the complete collapse of the entire wheat program.

While the hour is late I feel that this Congress still has the opportunity to adopt realistic wheat legislation beneficial to all segments of our economy.

DWIGHT D. EISENHOWER.

THE WHITE HOUSE, June 25, 1959.



\$4,000 first bracket, subject to a 20 percent rate, by 50 per cent. With respect to dividend income in the \$12,000 to \$16,000 bracket, subject to a 30 percent rate, the tax liability would be reduced by 20 percent.

At very high income levels the percentage reduction in the tax on dividend income will be about 11 percent.

Who are the stockholders to whom reference is made, who are receiving what the Senator from Utah calls incentive tax treatment? That is exactly what it is. With all respect to my very warm friend, the senior Senator from Ohio [Mr. LAUSCHE], I could not agree with his analogy between Government bonds and equity investment. The two things are entirely different. The point is that American industry needs capital. It can obtain plenty of credit. What it needs is capital. It needs incentive for people to invest their money in American industry, so that more industries can be created and more jobs provided. That is one of the important things.

Therefore, this is a job-creating, incentive form of taxation, and that is one of the real justifications for it.

In the case of Government bonds, one is buying an obligation which is absolutely undoubted, so far as security is concerned. The Government cannot fail to pay its obligation in dollars. However, the reason why Government bonds are not as popular as they should be does not lie in the matter of tax consideration, but it is because of the way Congress has handled the fiscal affairs of the United States. The people of the country have begun to lose faith in it. That is the trouble with Government bonds. That is the reason we are having to increase the debt limit, and the reason we shall probably face the possibility of taking the lid off the interest rate, so as to make Government bonds comparably attractive with other high-grade investments of a credit nature. It is the duty of the Government to make its obligations attractive, and it should do so by sound fiscal measures. The Congress of the United States has the greatest responsibility in that respect.

Were it not for the high existing tax rates, both corporate and individual, this type of tax incentive would not be necessary at all. I would certainly look forward to the time—and I am sure almost every other Senator would—when we could reduce both corporate and individual tax rates, so as to get out of the confiscatory brackets and eliminate the need for such tax incentive methods as that provided in 1954.

I wish to turn my attention to the question of American stockholders, and discuss the question of who those people are. This is not a rich man's tax bill, although the rich may benefit from it to a certain extent.

There are 12,494,000 Americans today who own shares in public corporations. That is nearly double the number in 1952, and 45 percent over what the figure was in 1956. My recollection is that when the bill was passed in 1954 there were about 7½ million stockholders. Now there are approximately 12½ mil-

lion stockholders. One of every eight adults is now a shareowner.

Sixty-eight percent of the shareowners own the stock which is listed on the New York Stock Exchange. The average shareowner has a median household income of \$7,000. The comparable figure for a new shareholder is \$6,900. Almost half the shareowners are in the \$5,000 to \$10,000 income tax bracket. The median age of new shareowners since 1956 has been 35 years, compared with 49 for all shareowners. So the young people are putting their money into stocks. Possibly it is the result of incentive taxation, but I think it is a good sign for the United States.

Women outnumber the men by a somewhat larger margin than they did in 1956. Four million housewives were shareowners, representing the largest single group of stockholders.

Mr. BENNETT. Mr. President, will the Senator yield?

Mr. BUSH. I yield.

Mr. BENNETT. Is it not possible that many of the women are widows who must depend upon income from the stocks which their husbands accumulated?

Mr. BUSH. That is undoubtedly true. Trustees buy stock for the estates of people who are deceased, and undoubtedly hundreds of thousands, if not millions, of widows are involved.

Adult shareowners are almost equally divided between those who attended college and those who did not. One out of five shareowners first acquired stock through an employee stock purchase plan.

The holders of shares in investment companies—the so-called investment trust companies—number 1,235,000, which is four times the total in 1956.

Mr. McCARTHY. Mr. President, will the Senator yield?

Mr. BUSH. I yield.

Mr. McCARTHY. Does not the Senator understand that my amendment applies only to the tax credit, and not to the \$50 deduction?

Mr. BUSH. It applies only to the tax credit.

Mr. McCARTHY. Only to the credit.

Mr. BUSH. I understand that.

Mr. President, I should like to make a few further observations with respect to stockholders.

An estimated 1,335,000 shareowners are members of labor unions; 1,275,000 out of 6,347,000 women shareowners are housewives who have jobs outside the home.

Mr. DOUGLAS. Mr. President, will the the Senator yield?

Mr. BUSH. I shall be glad to yield in a moment.

An estimated 136,000 members of the armed services own shares in public corporations. Fifty thousand U.S. citizens who live in foreign countries own shares.

Among adult shareholders, women outnumber the men in four of the five age groups. The exception is the group 65 years of age and older. In all other groups the women outnumber the men.

The cities of Berkeley, Calif., Hartford, Conn.—I am proud to say—Pasadena, Rochester, St. Petersburg, and

Wilmington, Del., lead all other large cities in the proportion of shareowners to the total population. In each of those cities more than one out of five persons own shares of stock.

Mr. President, if the Senator from Illinois wants me to yield for a question, I will yield at this point.

Mr. DOUGLAS. Has not the Senator from Connecticut unwittingly perpetuated a very great fallacy? He has not told us the number of shares these people own. The facts are that the working people and housewives own but very few shares. The overwhelming proportion of the shares are owned by a relatively small proportion of persons in the upper income brackets. In fact, the Federal Reserve Bulletin for August of 1957, page 894, shows that 89 percent of all spending units—which is their term for families, own no stock whatsoever. The Senator from Connecticut, as an experienced banker, knows that fact perfectly well.

Mr. BUSH. The Senator from Illinois, as an experienced economist, also knows that everyone does not own the same number of shares. It is just as important for the man who owns 10 shares. He may be just as much interested in this question as the man who owns 200,000 or 2,000 shares.

Mr. DOUGLAS. In other words, the Senator from Connecticut considers this program to be on a 50-50 basis—one rabbit to one elephant.

Mr. BUSH. No, that is not the idea at all. I have just read into the RECORD factual information which shows that there is a very wide interest and a very wide participation in stock ownership. I am certain the Senator from Illinois knows and understands that very well.

I am also certain, although perhaps he will not admit it, that he knows perfectly well that it is a good thing for the United States to have all these people owning stock. I am sure he would like to see the number of stockholders in this country increased. I ask him whether he would not.

Mr. DOUGLAS. Yes; of course. But I also think that the men who work and earn their living by the sweat of their brows have equal dignity and that they should not be taxed at a higher rate.

Mr. BUSH. I certainly agree that those people have equal dignity and that they should not be taxed at a higher rate; but I do not think they are being taxed at a higher rate. I believe this feature of the act which was passed in 1954, which was called incentive taxation, has had good results, and has demonstrated that it was a good idea because the amount of new capital which has gone into American industry has increased enormously, as has the number of stockholders.

I shall emphasize one thing more; then I will conclude. American industry needs capital. It needs more capital today. It is easy to get loans, but it is hard to get equity capital. The whole purpose of this phase of the legislation is to give some incentive to people who have savings to invest in American enterprise, so that American enterprise can continue to expand and to create



jobs for the increasing population of the country.

Our economic system depends entirely—it depends absolutely and basically—upon the ability and the willingness of the people of the Nation to put their savings into the equities of American institutions. It has been their willingness in the past to do this which has enabled these institutions to grow and become strong and to create jobs for some 67 million persons in this country today.

I realize, of course, that we do not have the votes; nevertheless, I shall vote, as I did in 1954, against this proposal to remove this provision from the existing law.

I yield back the remainder of my time.

Mr. DIRKSEN. Mr. President, I yield 5 minutes to the Senator from Delaware.

Mr. WILLIAMS of Delaware. Mr. President, earlier this afternoon the Senator from Minnesota [Mr. McCARTHY] referred to the fact that I was one of those who supported the amendment in 1954. He was correct. I did. When we deleted this section from the bill the Senate rejected the amendment, and the bill went to the House.

The conferees put the proposal back in the conference report. When the conference report came back to the Senate, on July 29, I still voted against the conference report which included this amendment.

We must be very careful when we change the tax laws, because we are establishing precedents. However, I note that when the House adopted the conference report on July 28, 1958, as found in the CONGRESSIONAL RECORD on page 12436, my friend from Minnesota [Mr. McCARTHY] voted for this conference report containing this provision.

Mr. McCARTHY. Mr. President, I want to have a clarification. Is the Senator from Delaware looking at the Senate vote or the House vote?

Mr. WILLIAMS of Delaware. I am looking at the House vote on page 12436. Among those answering the rollcall vote on the conference report, the Senator from Minnesota [Mr. McCARTHY] is listed as voting in the affirmative.

Mr. McCARTHY. Mr. President, I am uncertain whether the Senator from Delaware is referring to the Senator from Wisconsin or the Representative from Minnesota. If the Senator from Delaware had looked at the vote on the motion to recommit the bill when the House first had the chance to consider it, the Representative from Minnesota was recorded as voting against this provision, and also a number of other provisions, in 1954.

Mr. WILLIAMS of Delaware. That is correct. You voted against it one time and for it the next.

Mr. LAUSCHE. Mr. President, will the Senator from Delaware yield for a question?

Mr. WILLIAMS of Delaware. I yield.

Mr. LAUSCHE. Did the Senator from Delaware oppose the proposal to grant this, if I may call it so, special privilege to holders of stocks with respect to the payment of dividends?

Mr. WILLIAMS of Delaware. Yes, I did. At that time I spoke in support of the amendment that deleted the section.

The PRESIDING OFFICER. The time of the Senator from Delaware has expired.

Mr. DIRKSEN. I yield 2 additional minutes to the Senator from Delaware.

Mr. WILLIAMS of Delaware. At that time we were establishing a precedent. I am not changing my position on that. But I think we must not overlook the fact that when we amend the Revenue Code, we cannot change it back without proper notice being given to the parties concerned. But it has not been considered by the committee nor have any hearings been held.

We have before us again a bill on which we have agreed not to take amendments because this bill must be signed by next Tuesday.

I point out to the Senator from Minnesota that he himself, voted for the conference report, which included this provision at that time—if there had been enough of us at that time, we could have rejected the conference report in the Senate or House.

Mr. McCARTHY. I find that on page 12434, on the motion to recommit, the then Representative from Minnesota voted to recommit. Anyone who understands the procedures of the House knows that the vote on a motion to recommit is the significant vote. If that motion fails, then one might as well give approval to what has been done. I want the RECORD to show both votes.

Mr. WILLIAMS of Delaware. Both sides of your vote are shown.

Mr. LAUSCHE. Will the Senator from Delaware restate his position as it is today on this amendment?

Mr. WILLIAMS of Delaware. As of today, I am not going to support the McCarthy amendment to this bill now before us.

Mr. McCARTHY. Mr. President, will the Senator yield?

Mr. WILLIAMS of Delaware. If I have time, I will yield.

Mr. McCARTHY. The Senator from Delaware has a great reputation for fiscal responsibility. The Senator knows that in the bill before us right now, by, as I understand, a unanimous-consent acceptance earlier today, the Smathers amendment was included. This involves a loss of revenue of \$240 million.

Yesterday, on the health fund amendment, in the Health, Education, and Welfare appropriation bill, the Senate, by a vote of 84 to 14, increased the appropriation by approximately \$350 million. I do not know how the Senator from Delaware voted. But any Senator who believes in fiscal responsibility should have been here. If he is not going to support my amendment and some of the other amendments to restore revenue, he should certainly have voted against that appropriation, or else he should have been here to vote against the Smathers amendment when it was adopted.

The PRESIDING OFFICER. The time of the Senator from Delaware has again expired.

Mr. DIRKSEN. I yield 2 additional minutes to the Senator from Delaware.

Mr. WILLIAMS of Delaware. I agree fully with the Senator from Minnesota in this case. I may say that I was here, and I did vote against the appropriation to which he referred.

Mr. McCARTHY. I think the Senator from Delaware did.

Mr. WILLIAMS of Delaware. Furthermore I was in the committee and voted against the Smathers motion to repeal the transportation tax in the face of a deficit.

The reason I am opposed to these amendments is that we are dealing with a bill which provides for \$3 billion in revenue. If it is not enacted—signed by the President—by midnight of next Tuesday, as was said earlier, the result will be a loss of \$3 billion of revenue to the U.S. Government, a substantial part of which cannot be recovered. Therefore I do not think this is a bill which we can loosely begin to amend. I have amendments, as I said earlier today, which I would like to offer, but I am not offering them to this bill. One of them deals with the depletion allowance. If the committee once begins to accept these amendments, where will we stop? That is the reason why I am not going to support the amendment of the Senator from Minnesota or any other amendment at this time. If we should start taking these amendments, revising the code, we may ultimately end up with the loss of \$3 billion in revenue.

I do not question for one moment the sincerity of the Senator from Minnesota in offering his amendment. But, as the Senator knows, he being a member of the Committee on Finance we are trying to keep the bill confined strictly to the excise taxes which will expire as of midnight, June 30, next Tuesday, and to the extension of the corporate tax rates. I believe that is the best procedure to follow. I say that without in any way questioning the sincerity of the Senator from Minnesota in offering his amendment. I only regret that he offers it at this time.

Mr. DIRKSEN. Mr. President, I yield 5 minutes to the Senator from Kentucky.

Mr. COOPER. Mr. President, the President of the United States vetoed today S. 1901, a bill which had been introduced in the Senate by the distinguished junior Senator from North Carolina [Mr. JORDAN] and myself. The bill passed the Senate by a voice vote. Later, it passed the House of Representatives by an overwhelming record vote.

I raise no question about the sincerity of the Presidents' action. I know that when he deals with agricultural bills, he is advised by the Secretary of Agriculture, Mr. Benson. I must say that in this case I believe the President was poorly advised; and that reasons given in his veto message are not sound. I regret that he has seen fit to veto Senate bill 1901, for I am sure that it is a sound bill, and that its enactment would have benefited tobacco farmers and the entire tobacco industry.

The Secretary of Agriculture, Mr. Benson, voiced his opposition to Sen-



ate bill 1901 at the last moment, when it was being debated in the Senate. The bill was opposed from the time of its introduction by leaders of the National Farm Bureau for reasons their representatives could never make clear.

Against this opposition, the record shows that the bill was supported by tobacco growers, tobacco cooperatives, farm organizations—including farm bureaus—in all the tobacco-growing States.

I know that tobacco growers and the tobacco industry who supported the bill know infinitely more about their problems and their programs than does the National Farm Bureau; and infinitely more about them than the Secretary of Agriculture, Mr. Benson.

I have no doubt that if the cotton farmers, the corn farmers, the wheat farmers, and others for whom the National Farm Bureau assumed to speak could have spoken for themselves on this matter, they would have had no objection to the enactment of this bill. For farmers everywhere have sympathetic regard for the problems of other farmers, and desire very much that other farmers do well.

Mr. President, this issue may not seem to some to be of great importance. But it is of great importance to the tobacco farmers of the country—to the 1 million farm families who depend upon tobacco for their livelihood.

I do not intend to detail again all the reasons which led the tobacco growers and all the tobacco organizations in the country to join in support of Senate bill 1901. But it is well to point out that it was for the purpose of stabilizing prices for a period which tobacco experts estimated would be 5 years, and possibly might extend to 10 years.

With such a period of stabilized price, it would have undoubtedly stimulated exports, contrary to the opinion expressed in the veto message. Also it was designed to protect the small acreage allotments of farmers—and there are no large corporate tobacco farmers. The bill also affirmed—and I make no apology for it; I proclaim it—the desire of tobacco farmers to maintain fixed supports for tobacco at 90 percent of parity. Mr. Benson is evidently against fixed 90 percent supports for tobacco. But I can say that we will fight to maintain our tobacco program, and we will hold it despite opposition. There has never been a serious effort by the Congress to change the fixed 90 percent supports for tobacco enacted in 1948, by an amendment which I introduced and was joined by the late Senator Barkley. But the Secretary of Agriculture has evidently determined, for unclear reasons, that the present tobacco program—which suits and benefits the tobacco growers of the Nation, which at times has been approved in referendums conducted by the Department of Agriculture by the votes of 99 percent of tobacco growers, which has not cost the Government 1 cent in price support operations of the program during its life—should be changed.

Inferentially, the President's veto message, declares that it should be changed.

I oppose any such change, and I am sure the Congress will not change the basic program of 90 percent support with acreage controls.

If other farm programs are in difficulty, there is no rationality—no sense—in changing the tobacco program, because it is a successful program.

Mr. President, I regret very much that the President saw fit to veto this bill. I do not know what will happen now.

A few minutes ago my colleague and friend, the junior Senator from Kentucky [Mr. MORTON], introduced a bill which is, as he says, an interim or stop-gap proposal.

The PRESIDING OFFICER. The time yielded to the Senator from Kentucky has expired.

Mr. COOPER. Mr. President, will the Senator from Illinois yield 2 additional minutes to me?

Mr. DIRKSEN. Mr. President, I yield 2 additional minutes to the Senator from Kentucky.

The PRESIDING OFFICER. The Senator from Kentucky is recognized for 2 additional minutes.

Mr. COOPER. Mr. President, of course, I am aware of my colleague's interest in this problem. But, I must say that the bill he has introduced is, with one change, the bill and the same proposal that the American Farm Bureau Federation and Secretary Benson have wanted for tobacco from the outset. It is not the tobacco growers' bill, and does not meet their problems, but it may be the best we can get under the circumstances after the President's veto.

I intend to consult with my cosponsor, the Senator from North Carolina [Mr. JORDAN], with representatives of the tobacco States in the Congress, particularly the Kentucky delegation—all of whom so loyally supported S. 1901—and with tobacco growers and the farm organizations which represent them, before I make a decision as to the course of action we shall now take.

The arguments the President advances in his veto message are the same as the arguments the Secretary of Agriculture has used again and again regarding the tobacco program. They are the arguments the American Farm Bureau Federation used in opposition to S. 1901. The arguments in the message itself with respect to the level of support prices are inconsistent; but it is done.

While respecting the President's unquestioned sincerity, I regret the veto, for I sincerely believe the decision was wrong.

Mr. TALMADGE. Mr. President, will the Senator from Kentucky yield to me?

Mr. COOPER. I yield.

Mr. TALMADGE. I desire to compliment the distinguished Senator from Kentucky on the statement he has made. I concur in what he has said.

The tobacco farmers are the only commodity group in the Nation that came voluntarily to the Congress and requested that their price supports be reduced.

The bill was reported from the Senate Committee on Agriculture and Forestry, according to my recollection, unanimously; and the bill passed the Senate unani-

mously; and it passed the House of Representatives, as I recall, with about 100 votes to spare.

If the bill had been approved by the President of the United States, it would have reduced the price supports on tobacco \$14 million, the first year.

Is it not true, I ask the Senator from Kentucky, that because the President has seen fit to veto the bill, the potential cost to the taxpayers, next year, will be \$14 million greater?

Mr. COOPER. The veto message states that Senate bill 1901, been enacted into law, would have saved \$14 million.

Mr. TALMADGE. In other words, the veto will cost the taxpayers money, while at the same time it will render a disservice to the tobacco farmers; is that correct?

Mr. COOPER. That is my opinion.

The PRESIDING OFFICER. The additional time yielded to the Senator from Kentucky has elapsed.

Mr. TALMADGE. I thank the Senator from Kentucky for yielding to me.

#### TAX RATE EXTENSION ACT OF 1959

The Senate resumed the consideration of the bill (H.R. 7523) to provide a 1-year extension of the existing corporate normal-tax rate and of certain excise-tax rates.

Mr. SYMINGTON. Mr. President, a dividend tax credit shifts the burden of \$335 million in taxes from the receivers of dividends to other taxpayers of the Nation.

Despite the economic recovery, many middle-income families find it increasingly difficult to meet their financial obligations on their wage and salary income.

Many face heavy installment debt, especially under the higher interest rates which this administration has made it a policy to encourage.

Under these circumstances, we should not perpetuate a law which forces a family whose income is from wages and salaries to pay higher taxes than those paid by a family which receives an equivalent income from dividends. But this is the effect of the present dividend credit provision.

Under existing law, a married man with two dependents who has \$10,000 of income from wages and salary pays a tax of approximately \$1,372; whereas a married man with two dependents who has \$10,000 of income from dividends pays a tax of approximately \$1,091—a difference of approximately \$280.

Mr. President, in the interest of equality of taxation for families of moderate means, I urge the repeal of this provision.

Mr. DIRKSEN. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. DIRKSEN. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.



Mr. McCARTHY. Mr. President, may I ask how much time I have remaining?

The PRESIDING OFFICER. The Senator from Minnesota has 8 minutes remaining.

Mr. McCARTHY. And how much time is remaining to the opposition?

The PRESIDING OFFICER. Seven minutes remain to the opposition.

Mr. McCARTHY. May I ask the distinguished chairman of the committee whether he has any further requests for time?

Mr. BYRD of Virginia. The majority leader is in control of the time.

Mr. JOHNSON of Texas. I have no requests.

Mr. McCARTHY. May we have the yeas and nays of my amendment?

Mr. JOHNSON of Texas. Mr. President, I ask for the yeas and nays on the amendment of the Senator from Minnesota.

The yeas and nays were ordered.

Mr. McCARTHY. Mr. President, I think that in the course of this nearly 1 hour and a half of debate the issue or the stake has been made clear. I would point out, in case anyone has been confused by the remarks of the Senator from Delaware [Mr. WILLIAMS], that the 2 votes to which he referred in my case were not restricted to this particular amendment, but involved a very comprehensive tax bill. But in the case of the Senator from Delaware, in 1954 he had a clear vote on this specific issue, and he has the same clear vote here today.

I should like to make two or three points regarding my amendment. The first is on the ground of fiscal responsibility. The bill, with the committee amendments, before the Senate now does not raise \$3 billion. With the amendment relating to the excise tax on passenger transportation, it will fall short by approximately between \$200 million and \$250 million. In addition, I should like to remind Senators that the action taken on the Health, Education, and Welfare appropriation bill resulted in an increase of appropriations above the budget by approximately \$350 million.

My amendment, which, it should be clearly understood, is not a new proposal, but is one which has been considered by the Congress, and thoroughly considered and thoroughly discussed here today, would restore to the Treasury approximately \$335 million.

Those Senators who wish to make a stand, therefore, on the basis of fiscal responsibility would make a better record by supporting this amendment.

I point out again to the Senate that when this amendment was considered in 1954, the vote in the Senate was 71 in favor and only 13 against. At that time the principal argument which was made in support of granting this special privilege was that we needed to encourage investment in the stock market. As I said earlier, I questioned the argument at that time. Certainly, everybody will agree that there is no need for any special stimulation or encouragement to induce or entice or force people into making stock market investments.

At the same time that argument was made, it was stated that there were not enough savings going into the bond market. I think everyone knows what the problem is in the bond market today.

But more important than any of those arguments is the basic consideration of justice, the question of whether or not we wish, under the personal income tax laws of this country, to give preferential treatment to income which is derived from dividends over and above income which is derived from wages and salaries or from interest or from rent.

This, to me, is a fundamental question. It takes us back to what is basic to any consideration of a tax structure or of a tax program or of a tax policy—the basic question of equity and of justice.

I think every Member of the Senate is concerned about the erosion of the tax base and is concerned about the possible loss of confidence on the part of the people in the income tax laws of the United States. My amendment, it seems to me, if adopted, if understood by the people of the country, will serve to restore their confidence. It will do so by removing what is a gross inequity, by removing a preferential treatment which is contrary to the traditions of the United States, as was so well pointed out in the debate on this amendment in 1954.

It is my opinion that the cause of equity and justice will best be served by the adoption of my amendment and that, in addition, the cause of fiscal responsibility on the part of the Congress will be clearly demonstrated. Furthermore, it is my opinion that the adoption of the amendment will help to restore a better balance between investment in corporate securities in the form of stock and investment in bonds of all kinds, including Government bonds.

Mr. President, I yield back the remainder of my time.

Mr. JOHNSON of Texas. Mr. President, I yield back the remainder of my time, and I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

The question is on agreeing to the amendment offered by the Senator from Minnesota. All time has been yielded back, the yeas and nays on the amendment have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. MANSFIELD. I announce that the Senator from Wyoming [Mr. McGEE], the Senator from Montana [Mr. MURRAY], and the Senator from Florida [Mr. SMATHERS] are absent on official business.

The Senator from Idaho [Mr. CHURCH], the Senator from Rhode Island [Mr. GREEN], the Senator from Florida [Mr. HOLLAND], the Senator from Minnesota [Mr. HUMPHREY], the Senator from Oregon [Mr. MORSE], and the Senator from Maine [Mr. MUSKIE]

are absent on official business as members of the U.S. delegation for parliamentary conferences in Canada.

The Senator from New Mexico [Mr. CHAVEZ], the Senator from Alaska [Mr. GRUENING], and the Senator from Michigan [Mr. McNAMARA] are absent on official business attending the opening ceremonies of the St. Lawrence Seaway.

The Senator from Wyoming [Mr. O'MAHONEY] is absent because of illness.

On this vote, the Senator from Alaska [Mr. GRUENING] is paired with the Senator from Indiana [Mr. CAPEHART]. If present and voting, the Senator from Alaska would vote "yea" and the Senator from Indiana would vote "nay."

The Senator from Idaho [Mr. CHURCH] is paired with the Senator from Florida [Mr. HOLLAND]. If present and voting, the Senator from Idaho would vote "yea" and the Senator from Florida would vote "nay."

I further announce that if present and voting, the Senator from New Mexico [Mr. CHAVEZ], the Senator from Rhode Island [Mr. GREEN], the Senator from Minnesota [Mr. HUMPHREY], the Senator from Wyoming [Mr. McGEE], the Senator from Michigan [Mr. McNAMARA], the Senator from Oregon [Mr. MORSE], the Senator from Montana [Mr. MURRAY], the Senator from Maine [Mr. MUSKIE], and the Senator from Wyoming [Mr. O'MAHONEY] would each vote "yea."

Mr. KUCHEL. I announce that the Senator from Vermont [Mr. AIKEN], the Senator from Indiana [Mr. CAPEHART] and the Senator from Kansas [Mr. CARLSON] are absent on official business as Members of the U.S. delegation to conference in Canada.

The Senator from South Dakota [Mr. CASE] and the Senator from Vermont [Mr. PROUTY] are absent on official business of the Committee on Public Works attending the opening ceremonies of the St. Lawrence Seaway.

The Senator from Idaho [Mr. DWORSHAK] is absent on official business.

The Senator from Wisconsin [Mr. WILEY] is detained on official business.

On this vote, the Senator from Indiana [Mr. CAPEHART] is paired with the Senator from Alaska [Mr. GRUENING].

If present and voting, the Senator from Indiana would vote "nay" and the Senator from Alaska would vote "yea."

The result was announced—yeas 47, nays 31, as follows:

#### YEAS—47

Allott	Hartke	Magnuson
Anderson	Hayden	Mansfield
Bartlett	Hennings	Monroney
Bible	Hill	Moss
Byrd, W. Va.	Jackson	Neuberger
Cannon	Johnson, Tex.	Pastore
Carroll	Johnston, S.C.	Proxmire
Clark	Jordan	Randolph
Dodd	Keating	Russell
Douglas	Kefauver	Sparkman
Engle	Kennedy	Symington
Ervin	Kerr	Talmadge
Frear	Langer	Williams, N.J.
Fulbright	Lausche	Yarborough
Gore	Long	Young, Ohio
Hart	McCarthy	

#### NAYS—31

Beall	Butler	Cotton
Bennett	Byrd, Va.	Curtis
Bridges	Case, N.J.	Dirksen
Bush	Cooper	Eastland